Austria	Sch[illegible]	Iran	[illegible]	Pakistan	[illegible]
Bahrain	[illegible]	Israel	[illegible]	Philippines	[illegible]
[illegible]	[illegible]	Italy	L[illegible]	Poland	[illegible]
Cyprus	[illegible]	Jordan	[illegible]	Portugal	Es175
Denmark	DKr13	Korea	Won [illegible]	Qatar	[illegible]
Egypt	[illegible]	Kuwait	[illegible]	S.Arabia	[illegible]
Finland	[illegible]	Lebanon	[illegible]	Singapore	S$4.10
France	[illegible]	Lux	[illegible]	Spain	Pta175
Germany	[illegible]	Malta	[illegible]	Sweden	SKr13
Greece	[illegible]	Morocco	[illegible]	Switz	[illegible]
Hungary	[illegible]	Neth	[illegible]	Thailand	[illegible]
Iceland	[illegible]	Nigeria	[illegible]	Tunisia	[illegible]
India	[illegible]	Norway	[illegible]	Turkey	[illegible]
Indonesia	[illegible]	Oman	OR1.20	UAE	[illegible]

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Monday September 2 1991

D 8523A

Serbian sanctuary

Convent yet again shelters refugees

Page 18

World News

Singapore may give up liberalisation after setback

Singapore's ruling People's Action party may abandon a limited liberalisation programme after a setback in elections on Saturday, party leaders said. The opposition took four seats compared to one in 1988 and the prime minister expressed disappointment. Page 14

Mandela explains plea
South African anti-apartheid leader Nelson Mandela said he wanted three right-wing hunger strikers to live so they could testify about alleged security police involvement in their crimes. He is to visit them today.

Serbia raises hopes
Serbia's acceptance of a European Community plan to end violence in Croatia raises the most promising hope for peace in Yugoslavia since the current crisis began, Dutch foreign minister Hans van den Broek said. *Families find sanctuary*, Page 3

Polish request
The Polish government is to ask parliament for special powers to manage the economy after winning a vote of confidence in parliament on Saturday. Page 14

Archaeologists seized
Two archaeologists searching for Noah's Ark were among five westerners kidnapped by Kurdish separatist guerrillas in eastern Turkey.

Motorist shot dead
An investigation was launched into the death of a Briton shot by a traffic policeman in Seattle after being stopped for driving erratically.

Storms damage vines
Violent storms with hail swept the Bordeaux wine region of France, causing widespread floods and damaging vines due to be harvested in a few weeks.

Israel accuses Iran
Israel radio said that Israeli navigator Ron Arad, shot down over Lebanon five years ago, was being held in the Iranian capital Tehran. It rejected Iranian denials. Hard budget choices, Page 4

Albanian arrests
Two members of Albania's former ruling communist elite have been arrested and face charges of abuse of power. One was named as former deputy prime minister Manush Myftiu.

Four sailors missing
The British captain of a trawler and three crew are missing after their UK-owned vessel capsized in the South Atlantic, off St Helena. Thirteen people were rescued.

Villagers flee mudflows
Thousands of people fled as steaming volcanic mudflows up to 20ft high swept through Philippines villages and swamped parts of the abandoned Clark US air base.

Iraqi sites inspected
Two teams of UN inspectors began week-long visits to Iraqi sites to prepare the destruction of chemical weapons under Gulf war ceasefire terms.

Sri Lanka bomb blast
Six people were killed and 20 injured in a bomb explosion near a police station at Kattankudy, in eastern Sri Lanka. Tamil rebels were blamed.

Swiss crash kills four
A private aircraft crashed in mountains above the town of Vitznau in central Switzerland, killing all four people on board.

Fatal barbecue
A boy was killed and several other people hurt when a Second World War bomb his family were using as a prop for a beach barbecue in Singapore exploded.

Business Summary

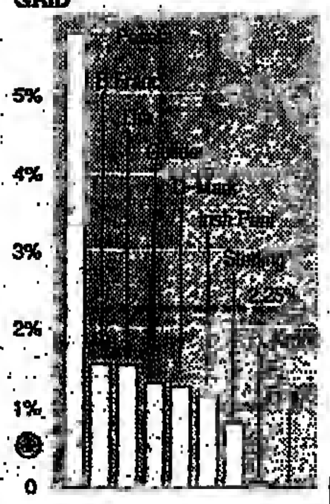
Mitsubishi in European car assembly plant deal

Mitsubishi Motors became the fifth Japanese carmaker to establish a car assembly base in Europe when it took a one-third stake in the Dutch car producer, Volvo Car, which had been owned by the Dutch state and Volvo of Sweden. Page 17

EUROPEAN Monetary System: Currencies were unchanged in the exchange rate mechanism grid last week. The peseta gained a little ground in spite of speculation that Spanish interest rates may be cut again soon. Suggestions that official French rates could be cut in the next few weeks kept the franc at the bottom.

The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

EMS GRID August 30, 1991



GREYHOUND Lines, US bus company, is about to emerge from bankruptcy after a judge approved a reorganisation plan which allows it to settle with creditors. Page 17

JARDINE MATHESON, Hong Kong-based trading group, appointed Robert Fleming, merchant bank, and Cazenove, stockbrokers, to handle the flotation of its subsidiary, Jardine Insurance Brokers, in the autumn. Page 15

UK recession is likely to end this year but low growth, sluggish factory output and ballooning public spending will continue in 1992, according to a Financial Times compilation of economic forecasts. Page 6; Moderate optimism, Page 8

JAPANESE BANKS: Moody's, US credit-rating agency, placed the long-term ratings of the Mitsui Taiyo Kobe Bank, Sanwa Bank and Long-Term Credit Bank of Japan under review for possible downgrades. Page 17

GEC-MARCONI, the defence side of General Electric Company, is reorganising its naval business in a move to break into export markets and secure British warship contracts. Page 15

BANCO DO BRASIL, Brazil's state-run bank, is planning a $400m rights issue, its first in 15 years. Page 17

LIBERTY, UK department store group which faces stake-building by a South African investor group, said that if there was hostile bid it would seek help from Saibu, the Japanese group with which it has had a long trading relationship. Page 16

SKANDIA, Swedish insurance company, reported a 99 per cent drop in half-yearly operating profits to SKr7m ($1.1m) Page 17

Gorbachev warned country is on the verge of financial collapse

Soviet Union faces harsh measures to avert crisis

By John Lloyd and Leyla Boulton in Moscow

HARSH economic measures in the Soviet Union, including a cut in wages and an immediate restriction in the money supply, will be announced shortly, according to Mr Arkady Volsky, deputy chairman of the USSR Committee for the Management of the National Economy.

Mr Volsky's warning came as leaders of the Soviet republics attempted to thrash out a form of economic agreement which could mitigate the effects of the impending economic crisis.

The Congress of People's Deputies, the highest Soviet legislative body, which opens today, will vote on the agreement. Mr Mikhail Gorbachev, the Soviet president, said yesterday that 11 republics had indicated their support for agreement to create a common economic policy.

The four-strong economic committee, appointed last week, is now the closest body to a Soviet government, following the dismissal of the cabinet of Mr Valentin Pavlov, the former prime minister arrested for his part in the August 19 coup.

Mr Volsky, head of the employers' organisation the Scientific and Industrial League, said the State Bank had warned Mr Gorbachev that the country was on the verge of financial collapse.

A conference on Friday, convened by Mr Volsky with the deputy heads of Soviet ministries and economic experts, heard that lack of cash could leave some workers without wages this month. Mr Yevgenny Yasin, a prominent economist, had told the conference that inflation could reach 1,000 per cent by the year end, unless urgent financial measures were taken.

The committee, chaired by Mr Ivan Silayev, the Russian prime minister, is now desperately trying to push through measures to increase grain purchases and ensure energy, food and medical supplies.

Mr Yevgeny Petrayev, deputy minister for power engineering and electricity, said in an interview with the official news agency Tass that a crisis would develop in fuel and electricity supply in the winter – forecast to be a hard one.

Mr Grigory Yavlinsky, the radical economist who is the member of the committee charged with economic reform and integration of the Soviet Union into the world economy, said yesterday that "I need clear support from the west."

He said that some western aid could go to individual republics, but that the rest should go to all the republics as a whole – suggesting that they should be prepared to act together within some sort of an economic agreement before qualifying for outside support.

In spite of the urgency of the decisions of the committee, its members insist that it will have a life of only a few weeks. Mr Silayev said in a television interview over the weekend that he would "disappoint" Mr Gorbachev by turning down the offer of premiership of the Soviet Union because "my place is with Russia".

More Soviet news, Page 2; Editorial Comment, Page 12; Recognition for Baltics, Page 14

Tetra Pak Alfa-Laval Group, the Swedish food processing and packaging company, is to ask western governments for backing of $1bn a year to help develop the Soviet food packaging and distribution system.

Tetra Pak, which is wholly owned by the Rausing family, has invested SKr1.5bn ($252m) in three packaging joint ventures in Russia and the Ukraine and will commit at least SKr2bn more over the next few years.

In an interview with the Financial Times, Mr Hans Rausing, chairman and chief executive, said the company had identified a need for an additional $1bn a year over the next five years and suggested that western governments channel investment through such joint ventures.

Background, Page 15

Hoping for support: Mikhail Gorbachev welcomes John Major to the Kremlin yesterday

Major warns economic order must precede aid

By Philip Stephens, Political Editor, in Moscow

THE leaders of a disintegrating Soviet Union were told yesterday by Mr John Major, the British prime minister, that large-scale western aid depended on the creation of a coherent structure of economic management by the 15 republics.

Mr Mikhail Gorbachev, the Soviet president, responded with a plea for the west to step up economic assistance. Offering an optimistic assessment of the prospects of a new union treaty to link the republics, he told Mr Major that the failure of last month's coup underlined the success of his policies of perestroika.

"Now is the time for the west to support us," he added.

In his half-hour meeting with Mr Major, Mr Gorbachev attributed the coup's failure to the success of six years of perestroika reforms in transforming Soviet society.

Mr Major and Mr Gorbachev agreed that there could be no going back on reforms which should accelerate after the coup.

Mr Gorbachev said he would announce at today's Congress of People's Deputies his plans for joint armed forces under civilian leadership and for the creation of a "single economic space" between the republics, cemented by the preservation of a single currency.

In talks with the Mr Gorbachev and Mr Boris Yeltsin, the president of the Russian Federation, Mr Major voiced western concern that the country's nuclear arsenal should remain under central control. He reminded his hosts that sharp cuts in defence expenditure would be a precondition of financial aid.

Continued on Page 14

Japanese Finance Ministry accuses Nomura

By Stefan Wagstyl in Tokyo

THE Japanese Ministry of Finance has confirmed it suspects Nomura Securities, the stockbroking group, of having manipulated shares for the benefit of a gangster organisation.

The allegation is one of the most serious to come out of the scandals which have engulfed the Japanese securities markets and which have forced the resignations of Nomura's former chairman and president.

Mr Nobuhiko Matsuno, director general of the ministry's securities bureau, told a parliamentary committee on Saturday that the ministry suspected Nomura of having manipulated stock in Tokyu Corporation, a railway and property company, to profit Inagawakai, a criminal organisation.

Mr Matsuno's statement seems hard to reconcile with the sworn evidence given last week by Mr Setsuya Tabuchi, the former Nomura chairman, who said the company had not broken the law concerning stock manipulation.

Nomura's dealings with the gangster group in 1988-89 are one of the main elements of the securities market scandal. Nomura (and Nikko Securities another leading house) have admitted lending money through subsidiaries to companies controlled by Mr Susumu Ishii, the former head of Inagawakai.

Nomura has also admitted dealing in shares on Mr Ishii's behalf, including the purchase of a large amount of Tokyu stock in early 1989.

Mr Tabuchi admitted these points in his sworn testimony. He also conceded that after Mr Ishii bought his stock, Nomura bought Tokyu stock in big volumes on behalf of other customers. He said these dealings had been excessive. But he denied that the purchases amounted to an illegal attempt to manipulate the market.

Between August and November 1989, Tokyu shares soared from around Y1,000 ($7.29) to Y3,000, bringing a huge paper profit to Mr Ishii.

The disclosure that the ministry suspects Nomura of having manipulated stock is crucial because the other activities Nomura has admitted are not against the law.

Dealing with gangsters is, in itself, not illegal – nor is paying stock loss compensation to favored clients, the

Continued on Page 14

Beijing visit the price for backing HK airport plan

Yvonne Preston in Beijing

MR JOHN MAJOR, the British prime minister, arrives in Beijing from Moscow today to sign a Memorandum of Understanding on the construction of a new airport for Hong Kong.

The visit is seen as the price exacted by Beijing for China's support for the airport proposal. China's backing was needed to attract private investment to the project.

The visit is Mr Major's first to China and the first by a western leader since the Tiananmen Square massacre of June 1989, although Mr Toshiki Kaifu, the Japanese prime minister visited Beijing last month.

Mr Douglas Hurd, Britain's foreign secretary, is accompanying Mr Major and had to defend the decision to go to China against accusations of "hypocrisy" from opposition politicians. He warned that Britain would be failing in its responsibilities to Hong Kong if it became wrapped up in "self-righteousness".

"What we cannot do is to say we will not have discussions with those who are in government in China. If we do that we would be shirking our job in Hong Kong," he said.

The 48-hour visit has been widely criticised as a kowtow to the government of Premier Li Peng. An agreement for construction works on sovereign British territory would normally be signed by the relevant minister, not by the prime minister.

Mr Major is also accompanied by Sir David Wilson, the governor of Hong Kong, and Sir Percy Cradock, the prime minister's foreign affairs adviser.

Sir Percy, a former ambassador to Beijing, concluded the airport negotiations in July when he initialled the Memorandum of Understanding.

The memorandum comes into effect only with the signatures of Mr Major and Li Peng. The signing ceremony will be held in the Great Hall of the People tomorrow. The memorandum, an amendment to the 1984 Joint Declaration – some observers say only the first of such amendments – encroaches on Britain's Hong Kong autonomy.

It sets limits on territory borrowings without Chinese support, gives China 50 per cent of the seats on the new airport committee and requires that $HK25bn ($3.22bn) is left in Hong Kong's fiscal reserves when it reverts to China in six years' time.

British officials say the memorandum will give a boost to the work of the Joint Liaison Committee on Hong Kong's future. One described progress as "glacial" since June 1989.

Mr Major, who will also be meeting President Yang Shangkun and Communist party head Jiang Zemin, is expected to raise the issue of human rights and has promised to pursue a number of specific cases of abuse.

CONTENTS

THE MONDAY INTERVIEW

India's cautious minister of finance, Dr Manmohan Singh, a technocrat rather than a politician, is sharply aware of the pitfalls ahead as the government undertakes a policy of industrial and trade deregulation designed to improve competitiveness Page 32

FORTHCOMING FT SURVEYS

Bicycles in Amsterdam's Dam Square
European Finance & Investment: Netherlands. See survey details right.

■ **WEDNESDAY SEPT 4:**
European Finance & Investment: Netherlands: mergers have transformed the country's financial sector.

■ **MONDAY SEPT 9:**
Reinsurance: less predictable than ever.

■ **TUESDAY SEPT 10:**
World Car Industry: Forecasts say 1992 will bring relief from today's harsh financial climate: meanwhile, challenges remain immense

■ **THURSDAY SEPT 12:**
Teesside: combating problems of economic restructuring

Drive to oust Baku rulers

By Ariane Genillard in Baku, Azerbaijan

THOUSANDS of protesters rallied around the government building in the Azerbaijan capital yesterday, in an attempt to force ont the Communist authorities in the republic.

More than 30,000 supporters of tha nstionalist Azerbaijan Popular Front gathered to call for the dismissal of the republic's pro-Union president, Mr Ayaz Mutalibov. They were also demanding cancellation of the presidential elections due on September 8. Mr Mutalibov is now the sole presidential candidate since Mr Zerdntch Alizade, leader of the small Social Democrat Party, decided to withdraw in protest from the race. The Popular Front is boycotting the elections.

Mr Mutalibov was, meanwhile, meeting the Soviet president, Mr Mikhail Gorbachev, in Moscow, in an attempt to obtain guarantees that Soviet troops would not leave the republic's territory. "Until we have our own forces, the Soviet army is the sole guarantee of stability in our republic," Mr Oznam Merzolev, adviser to the president, explained.

The republic's leaders have been warning that the two-year-old conflict between Azerhaijan and Armenia could intensify if Soviet troops withdraw.

Last Friday, the repnblic's parliament, which has an overwhelming majority of Communist depnties, declared Azerbaijan's independence, the sixth republic to do so. It also lifted the state of emergency declared after Soviet troops intervened in the capital in January 1988.

The opposition has stepped up its action against the republic's leaders. "The leadership here clearly did not condemn the conp, and we must do everything we can to stop it," Mr Abufass Eltchibe, president of the Azerhaijani Popular Front, said.

Mr Mutalibov, who for a week has appeared in public speaking Azeri, the local language, resigned from the post of general secretary of the Azerbaijan Communist party last Wednesday. But he has shown no intention of banning the party's activities in the republic.

instead, the Communist party may try to change its name during its annual congress due on September 21.

Soviet leader to address Congress of People's Deputies today

Gorbachev stresses need for economic accord

By John Lloyd in Moscow

PRESIDENT Mikhail Gorbachev will tell a meeting of the Congress of People's Deputies today that it must support a new economic agreement for the 15 republics of the Soviet Union, together with a new Soviet constitution and elections for a new congress, and for the presidency.

In an interview yesterday for the state television channel and for the American CNN network, Mr Gorbachev said: "We are for immediately signing an ecooomic agreement with all 15 republics. . . and using fully the possibilities and prospects we have now, following the defeat of the pntschists, to remove all barriers in the way of co-operation with the west."

He said proposals to create the economic union, still being worked on last night, would be submitted today. He said his report to the congress would be backed by leaders of at least 11 of the republics which were expected to agree on the need for an economic agreement.

Mr Gorbachev is to present his report on the political situation in the country and on "urgent measures for overcoming the consequences of the coup" as the first item on the Congress agenda. Asked if he would offer his resignation, he said decisively: "I will never resign – except for one condition: that there will be a union."

The 2,250-strong Congress, the full assembly of the legislature of which the Supreme Soviet is the standing supervisory body, has the power to dismiss Mr Gorbachev on a majority vote.

It must choose a new vice-president and a new chairman, in tbat tbe previous incumbents, Mr Gennady Yanayev and Mr Anatoly Lukyanov respectively, are now in prison awaiting trial for their part in the August 19 putsch.

At the same time, it must decide "what kind of country will [the Soviet Union] be," according to Mr Grigory Yavlinsky, the radical economist and a member of the four-man Committee on the Management of the National Economy – the nearest institution to a Soviet government presently available. That is: would it be a federation, a confederation or would the union cease to exist?

The Congress will meet after a week in which the number of Soviet republics making a formal declaration of independence reached 11.

Only the three Central Asian states of Kazakhstan, Turkmenistan and Uzbekistan, with the giant Russian republic, have not declared independence.

At least three – Ukraine, Moldova and Belorussia – have also foreshadowed tbe establishment of national armies or guard corps.

Mr Mirca Snegur, Moldovan president, said at the weekend that fears over the power of Russia dictated rapid local action in three areas – the reorganisation of the security services (the former republican KGB), tbe formation of a national guard, and the introduction of its own currency.

Even in Belorussia – traditionally the most quiescent and pro-Moscow of the republics, and ethnically and linguistically closest to Russia – there is now the possibility of an independent armed formation. Colonel-General Anatoly Kostenko, commander of tbe Belorussian military district, said that a national guard could be created to "protect the republic's sovereignty, enforce law and order and guard strategic installations".

At the same time, Mr Gorbachev seems unable to persuade one of the Central Asian leaders, Mr Askar Akayev, Kirghiz president, to accept his offer of the vice-presidency. The Interfax news agency quoted Kirghiz officials yesterday as saying that he "cannot leave his current post".

BREAKAWAY REPUBLICS

Uzbakistan daclarad indapandanca on August 31 1991.
***Kirghizia** declared independanca on August 31 1991.*
Azerbaijen declared indapendance on August 30 1991.
Moldova declared indapendence on August 27 1991.
Belorussia declared Independence on August 25 1991.
Ukraine declared indapendance on August 24 1991, aubject to a referandum on December 1.
***Latvia** declared independence on August 21 1991.*
Estonia declarad independance on August 20 1991.
Georgia declared independance on April 9 1991, but said it would ba achieved in stages.
Lithuania declared indapendance on March 11 1990
Armenia has announced its intention to seceda according to tha five-year process laid down by the Soviet consitution.
Tha remaining republice ara **Russia, Kazakhstan, Turkmenia** and **Tajikistan.**

Ukrainian leader declares Soviet superpower dead

By Chrystia Freeland in Kiev

MR LEONID Kravchuk, leader of the Ukraine, the second most powerful republic in the Soviet Union, yesterday declared the Soviet superpower dead.

Mr Kravchuk used the occasion of the 50th anniversary of the hrave, hut unsuccessful, defence of Kiev from the Nazis to celehrate the Ukraine's declaration of independence on August 24. "The union which we had is ruined. To hope to rebuild it through some collective efforts is unrealistic," Mr Kravchuk told an audience of Soviet army recruits and Second World War veterans. In line with the pact between the Ukraine and Russia last week, Mr Kravchuk said it was still possible and desirahle to maintain an economic union and shared defence.

But he hinted at irritation with Mr Yeltsin's newly self-confident Russia, which last week suggested it might want to revise its borders with other repuhlics, including the Ukraine. "We can and should work together with Russia," Mr Kravchuk said, "but to be together we must be equal."

He stood beneath a towering Brezhnev-era iron Amazon, known derisively as the "old bag", hnt at the end of his speech the Red Army hand played a hymn of the Ukraine's sharp-shooter units who fought for independence in 1917-18. Under Brezhnev, to sing it was a crime.

Mr Kravchuk's address was part of a concerted campaign to win over tha historically pro-Union military to the cause of Ukrainian independence. Last Thursday, Ukrainian government leaders met the generals who command Soviet forces in the Ukraine. Mr Dmytro Pavlychko, chairman of the parliamentary commission on foreign affairs, said most of the generals agreed to be subsnmed under control of the Ukrainian government.

Today, the Ukrainian parliament is to appoint one of the generals as Ukrainian defence minister. He will then begin negotiating with Russia about which units should form the new Ukrainian national guard and which be part of a collective defence force. Mr Pavlychko said the Ukraine, which with Kazakhstan and Russia, has nuclear weapons on its territory, has agreed to hand these over to Russia.

Plain-clothed security men in Moscow's Gorky Park yesterday remove one of ths toppled statues of Bolshevik heroes

Thatcher praises Kazakhstan chief

By Allaon Smith

MRS Margaret Thatcher, the former British prime minister, made a short impromptu visit to the Soviet Union at the weekend, immediately before the arrival of Mr John Major, the prime minister.

Mrs Thatcher, who was said to be anxious not to upstage her successor, was on ber way to Japan for a three-week lecture tour.

Downing Street said that it had not been told in advance that the former premier planned to make the stopover.

Mrs Thatcher is also expected in Beijing on s private visit shortly after Mr Major's departure in the middle of the week.

She stopped off in Soviet central Asia early yesterday for talks with Mr Nursultan Nazarhayev, the president of Kazakhstan, on the future of the Soviet Union. "President Nazarhayev is now one of the leaders who can unite the union," Mrs Thatcher said after the hour-long meeting.

She said that she saw Mr Nazarhayev ss one of the strongest politicians in the Soviet Union after the failed coup, and praised his commitment to economic reforms.

Mr Nazarbayev said ha hoped the contacts with Mrs Thatcher would prompt western companies to turn their attention to Kazakhstan, one of the five republics not to have declared independence. He said he had telephoned Soviet President Mikhail Gorbachev to tell him of the planned meeting with Mrs Thatcher.

As prime minister, Mrs Thatcher received ovations from Soviet crowds, and is a popular figure there.

Lithuanians dust off national flags

By Gillian Tett in Vilnius

SHOWING a firm conviction that Baltic independence was nearly within their grasp, thousands of cheerful Lithuanians gathered in Vilnius' Vingio Park yesterday afternoon for a special celebratory independence concert.

"After all we've bean through last year now we have a right to celebrate," explained a Lithuanian teacher, clutching a dripping ice cream in one hand and a red, yellow and green Lithuanian national flag in the other.

The concert, funded by the Lithuanian government, was due to be opened with speeches from Mr Vytautas Landsbergis, the Lithuanian president, and followed by an eclectic mixture of Lithuanian folk dances, rock music and the nationalist songs that have been a hallmark of the Lithuanian independence campaign.

Around the stage the flags of the 34 countries that have so far recognised Baltic independence hung in a multi-coloured display.

The American flag was conspicuous hy its absence. But following the telephone conversetion between President George Bush and Mr Landsbergis on Saturday night, in which Mr Bush announced he would be making "a joyous announcement" within the next few days, most Lithuanians et the concert seemed confident that US recognition was only days away.

"It's very, very important that America recognises us – it's such a key world power," said Mrs Zida Kelmitskaite, one of the concert organisers.

"But it upsets us that it's taken so long, particularly with so many of our Lithuanian cousins living in America," added another organiser dressed in a T-shirt showing a pro-independence slogan.

Lithuanian political figures themselves remained cautiously optimistic. Mr Darius Silausus, Mr Landsbergis' aide, interpreted Mr Bush's telephone call as both "a courtesy call" and a means of putting pressure on Mr Mikhail Gorbachev during today's planned debate about the Baltics at the Soviet Congress of People's Deputies.

However, Mr Silausus pointed out that although the congress opened today, "since the item of independence is only third or fourth on the agenda, it will probshly he delayed."

Others in the crowd shared this cantion. A Lithuanian economist insisted that "it's only when all these Soviet troops actually leave Lithuania that I will believe that we're independent."

During the weekend, Black Beret troops, believed to have been responsible for more than 20 deaths in Lithuania this year, were reported to be dispersing. Colonel Vitali Frolov, commander of the north Vilnius army garrison, told a Lithuanian parliamentary spokesman that about half the troops had left on Saturday morning by air to an unspecified destination, and that the other half were returning home in Lithuania.

However, the military garrison, which sports posters glorifying Lenin and the "internationalist spirit of the army", looked as if for the present it was staying put.

Investors loath to finalise ventures

By Peter Marsh

THE business world appears to be holding off from expressing new interest in investment opportnnities in the Soviet Union, a result of uncertainties abont who is running the country and the scale of western economic assistance.

According to consultants and economists working on Soviet business projects, few large commercial ventures are likely to be finalised until details become clearer of the division of power between central government authorities and the 15 republics.

Also at issue is the likely size and nature of help by the leading industrial democracies in guiding the Soviet economy towards a free market.

Snch assistance could take the form of injections of cash throngh loans or credit accords, insurance agreements to nnderwrite the costs of trade programmes, and advice on how to liberalise the banking system and move to free-market exchange rates.

Professor Stanley Fischer, an economist at the Massachnsetts Institute of Technology and co-anthor of a recent plan drawn up by US and Soviet economists to reform the Soviet Union, said businesses were "hanging back" from discnssing specific investment opportunities.

He thonght that western governments should take a lead in helping the Soviet Union to restructure its economy. This could be done throngh a radical programme of assistance, aimed probably at the Soviet repnblics rather than the central government.

Observer, Page 12

According to Mr Leonard Geron, an Oxford-based economic consultant specialising in the Soviet Union, interest hy western companies in establishing business ventures will depend on steps taken by the republics to minimise disturhance to trade links between them, should the country's nnion structure break up. Until such details became settled, companies would be "in no hurry" to organise new ventures.

The London-based European Bank for Reconstruction and Development, whose directors meet tomorrow to discuss the bank's strategy on the Soviet Union, is examining about six detailed proposals by western companies for investment in the USSR, almost all involving oil and gas projects. The country's large energy reserves have attracted a lot of commercial interest, thanks to their usefulness in reducing the industrialised world's dependence for oil and gas on the Middle East.

But according to Mr Geoff Pike, of the London-based energy and chemicals consultancy Chem Systems, even in this potentially lucrative field many companies are unsure about whether to proceed in joint ventures.

Mr Charles Movit, an economist at Plan Econ, a Washington-based consultancy which monitors the Soviet Union and eastern Europe, said that in the absence of internal economic reforms it was still unclear that the country was a good place for investment.

Mr Andreas Gummich, a Soviet specialist at Deutsche Bank in Frankfurt, said that despite the short-term difficulties there was a big potential in converting former Soviet arms factories to civilian production. Even though snch places were unlikely to be able to make consumer products of the sophistication expected in the west, imports into the Soviet Union of such items would be restricted for many years because of hard-currency shortages, providing a big opportunity in the domestic market.

Leftists' political standing threatened by dispute among Communists

Spanish party divided over future

By Peter Bruce in Madrid

A FIERCE struggle of wills ignited by the failed communist coup in Moscow is tearing Spain's 71-year-old Communist party apart, and threatens to damage the political standing of tha entire Spanish left.

While the leader of the Spanish Communist Party (PCE), Mr Julio Anguita, insists it is now "more important than ever" that the party survives, its leading trade unionist and its leading intellectual have in the last few days both called for the PCE's dissolution.

The row has wide implications for the left in Spain, as the PCE is the core party of the United Left (IU), a loose alliance of parties formed in 1984. The IU is the fourth largest grouping in parliament and has forced Spain's ruling socialists into dozens of coalition administrations in local government around the country.

Mr Antonio Gutierrez, leader of the communist Workers' Commissions (CO) trade union, said at the weekend it was tims the PCE were dissolved and the IU became a party. The CO is Spain's second largest union and the most powerful in industry. "Movements like the IU serve to channel protests or initiatives to the government but it is parties that govern and Spain needs a government of a party of tha left," he said.

Mr Gntierrez was immediately snpported by Mr Nicholas Sartorius, a PCE member and the brains behind the IU in parliament. The dissolution of the PCE and the transformation of the IU into a party would be the "best way of closing the book on the brilliant history of the PCE", he said.

Both men fear that continued association of the IU with the communists – it is often referred to, correctly, as 'communist-led' – could quickly eat away at left-wing support. They fear Mr Felipe González, the prime minister, may call an election long before he has to in 1993 and the IU's association with a discredited communist party could be extremely damaging.

However, Mr Anguita, leader of the PCE and of the IU, insists that the PCE is not affected by events in the Soviet Union and that the Spanish party long ago broke with Moscow. Formerly mayor of Córdoba, he has found it impossible to break his sentimental ties to communism and says its collapse in Moscow is the fault of the Soviet leaders, not of the communist idea. He claims the old Italian Communist party has not benefited from changing its name two years ago.

For the moment, colleagues lika Mr Gntierrez and Mr Sartorius are proposing that Mr Anguita become leader of the IU, should it become a political party. But if the PCE leader fails to dissolve his party at its December congress, scrapping among the left could become hloodier, to the benefit of Mr González's socialists. Mr Gutierrez, just 39, is a popular and powerful figure and would come under pressure to form a new non-communist left-wing party.

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Deadlock likely in Stockholm

By Robert Taylor in Stockholm

POLITICAL deadlock looks increasingly likely to follow Sweden's general election on September 15, given the conflicting results of two weekend opinion polls.

The first, by the independent Temos organisation, suggested that the four main non-Socialist parties were well on the road to victory and thus an end to almost 60 years of Social Democratic domination.

It found 49.5 per cent of voters supported the four parties – the Moderates (22 per cent), the Liberals (9 per cent); the Centre (8.5 per cent) and the Christian Democrats (10 per cent). The four appear increasingly likely to form a coalition government.

The ruling Social Democrats would win only 33.5 per cent, according to the Temos poll, while the right-wing populist New Democracy party, contesting a general election for the first time, would gain as much as 8.5 per cent.

However, a poll pnblished yesterday by the Sifo organisation gave the Social Democrats 37 per cent, while the four main non-Socialist parties took 48.3 per cent between them and New Democracy 6 per cent.

Bonn stands by EC's strategy on HDTV

By Michael Skapinker

GERMAN broadcasters have failed to persuade Mr Christian Schwarz-Schilling, telecommunications minister, to drop his support for the European Commission's strategy on high-definition television.

State and private broadcasting companies told the minister, at the international consumer electronics fair in Berlin last week, that they opposed a planned EC directive to encourage the use of the D2-Mac standard, a norm on the way to HDTV.

Broadcasters and television manufacturers say both Mr Schwarz-Schilling and Mr Filippo Pandolfi, EC research commissioner, insisted that the directive, which only applies to satellite broadcasting, would be introduced and enforced.

Broadcasters say the minister warned them they would have to adopt a more constructive approach to influence the contents of the directive.

German government support is crucial to the success of the directive, which has been criticised by most satellite broadcasters and by the UK, Luxembourg, Irish and Spanish governments.

Opponents of the directive say any attempt to force broadcasters to use D2-Mac would raise costs and limit the growth of the satellite TV market.

The D2-Mac standard is strongly supported by France, which says it is essential for the survival of the European consumer electronics industry. France, backed by the Dutch government – and by manufacturers such as Thomson of France, Philips of the Netherlands and Nokia of Finland – says the satellite market can only develop if equipment makers, broadcasters and satellite operators use a common standard.

The French government had feared Germany might oppose D2-Mac. However, after a meeting in April last year of President François Mitterrand and Chancellor Helmut Kohl, Germany pledged its support for the standard.

Broadcasters and equipment makers say Mr Pandolfi told them the EC would double the proposed subsidy to broadcasters who used D2-Mac to Ecu1bn ($1.16bn).

Steven Butler adds from Tokyo: Texas Instruments, the US semiconductor company, has joined forces with three leading Japanese electonics companies – Fujitsu, Sony, and Hitachi – to develop integrated circuits for the Japanese MUSE standard of high-definition television.

The agreement is aimed to speed the development of smaller, less expensive electronic gear to decode broadcast signals, so as to bring down the cost of the product. HDTV sets in Japan now cost about Y4m ($29,000)

This is the second agreement between US and Japanese electronics companies to develop MUSE decoders. The first was between LSI Logic and Sanyo.

Greater participation of US semicondnctor companies in Japan's electronics industry has been a prime goal of US trade policy. Under the agreement, Fujitsu is to develop digital signal processing integrated circuits and Sony is to work on analog input/output processing; frame memory circuits are to come from TI Japan, and audio integrated circuits from Hitachi.

HTDV broadcasts have already begun on a limited basis in Japan. The electronics companies do not expect the market for HDTV receivers to develop substantially until the middle of the decade.

Serbian guerrillas, their faces blacked, rest yesterday in front of a hotel at Plitvice, a lakeside resort in the separatist Yugoslav repnblic of Croatia, from which they had just expelled Croatian forces resisting their advance

Basque police shoot Eta man

By Peter Bruce in Madrid

THE SPANISH government's efforts to devolve power to conservative nationalist leaders in the Basque region reached a turning point at the weekend when, for the first time in nearly 30 years of Eta's terrorism, one of its guerrillas was shot dead by Basque police. A policeman died later in hospital.

The killing was done, in Bilbao late on Friday, by the increasingly confident Basque police force; the Ertzaintza, operating against the separatist movement's Vizcaya commando. This, one of the last of the organisation's traditional fighting units, was later said to have been shnt down. This leaves one itinerant Eta commando unit operating in Spain.

Following the arrests of various exiled Eta leaders in France in the past two years, and the capture or killing of operatives in Spain, Spanish security officials believe Eta to be in serious trouble.

Tha death of one of the Eta members in shooting with the Ertzaintza quickly led to calls from Eta's political arm, the Herri Batasuna party, for the Basque regional government to explain itself. But the government, run by the conservative nationalist party, PNV, welcomed the shooting because it showed the regional police were "maturing".

The Ertzaintza was formed in 1982, but Madrid has been loath to withdraw fully the unpopular Civil Guard from the region, to the detriment of relations with the moderate Basque leaders. Under the Basque autonomy statutes, the Ertzaintza should take over all policing from the national force. This would leave the Civil Guard only at international borders.

The shooting will calm Madrid's fears that the Ertzaintza would be soft on Eta. That, in turn, means Madrid might quicken implementation of other elements of the autonomy statute and thus strengthen nationalist, non-secessionist Basqne moderates.

Madrid is due to begin talks will all 17 of Spain's autonomous regions this month on a new autonomy pact, to seek common ground on what relationship they require with the centre. Catalonia is causing Madrid discomfort by calling for security powers similar to those of the Basques and for the right to raise its own taxes.

Bereft families find a Serbian sanctuary

Once again refugees are being sheltered at the Rakovica convent, reports **Laura Silber**

A BABY'S cry breaks the stillness of the Rakovica convent, 10 miles outside Belgrade. Among 50 mothers and children at Sunday lunch is a 10-year-old boy wearing a green beret with the Serbian coat of arms. He says he will stay until his father has won the war for Serbia.

"There will never be peace until Serbia has won," says his mother, Mirjana, a Serb from Darda, near the Croatian town of Osijek. She fled what she called "fascist terror" last month.

Mirjana's house, seven miles south of the Hungarian border, was bombed. The family left all but a few keepsakes behind. Her husband, like most of the men, stayed to fight. She is afraid for him because he is one of the organisers of the armed uprising in Banija, where the fighting has been especially fierce. But she says: "If our men are cowards and run, we will lose this land, which is part of Serbia."

Mother Evgenija of the convent says: "Mirjana is stronger than the others, who are too frightened to speak of the horror and evil which they fled."

This is not the first time the tranquillity of the convent, founded in the 14th century, has been shattered.

A plaqne – Serbian Children's Refuge, in faded red cyrillic script – bears testament to the civil war of 1941, when hundreds of thousands of Serbs, Jews and gypsies were slaughtered by the Ustasha, pro-Nazi Croatian forces. Mother Evgenija says dozens of children whose parents were slaughtered by the Ustasha lived here during the war.

A man from Belgrade arrives to donate baby clothes. He says his family fled Croatia during the Second World War. "This is a rebirth of the Ustasha. The west does not understand. Serbia fought with the allies during the war and now Serbia stands punished and alone."

Today, the children at the convent will start school in a new city. Yet the refugees feel more fortunate than the other 110,000 Serbs and Croats who have fled regions where the undeclared war between Serbian militants and Croatian authorities is being waged. "The nuns and people from Belgrade help and take care of us," said one woman.

Mirjana says the federal army is helping the militants with weapons and protection. "We will never give up, and soon we will return to our homes."

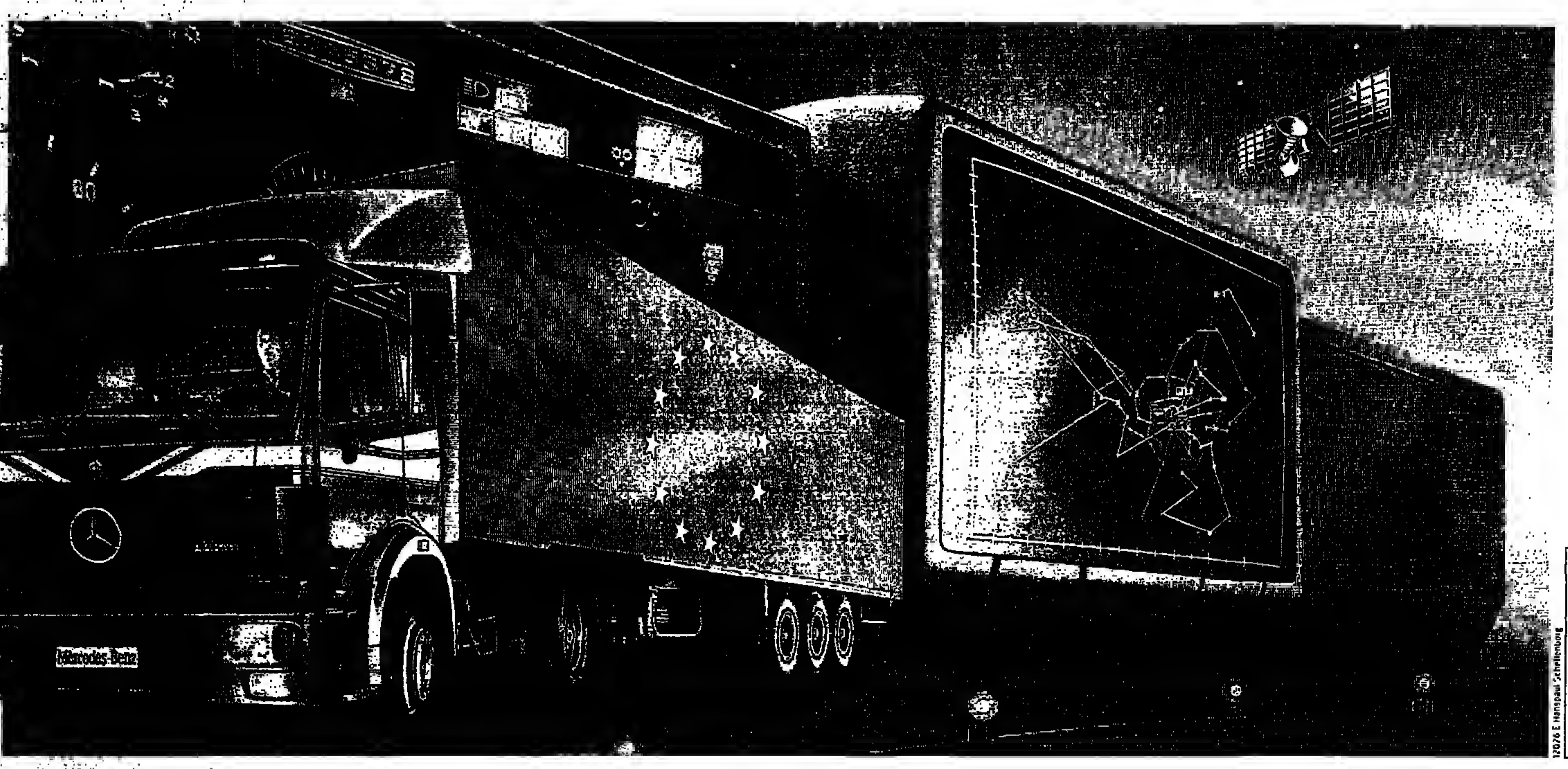
Yngoslav leaders were expected last night to sign the peace declaration, proposed by the European Community, to end the violence in Croatia and pave the way for international arbitration.

Mr Hans van den Broek, Dutch foreign minister and EC president, yesterday arrived in Belgrade to seek the signatures of senior Yngoslav officials.

It calls for the EC to extend its mission to monitor a ceasefire in strife-torn regions of Croatia, for an international peace conference on Yugoslavia and for an EC council to mediate a resolution to the crisis.

The fate of the declaration was unclear nntil the weekend when Serbia, which had flatly rejected foreign observers in Croatia, agreed to allow civilian EC monitors there.

Hope of a lasting ceasefire yesterday remained slim, however. Fierce fighting continned around Gospic in central Croatia.



INTERNATIONAL NEWS

Major must tread carefully on his visit to China

A working relationship over Hong Kong is worth an awkward time in Beijing, Philip Stephens writes

THE timing of Mr John Major's arrival in Beijing this morning could hardly be more awkward for the British prime minister.

Last night, he was io Moscow, praising the Soviet people for their courage in tearing down the remaining monuments to communism and offering belp from the west to build a free market democracy. Today, he will meet the leaders who massacred young students in Tiananmen Square two years ago to ensure that as yet 1bn Chinese bave been untouched by the triumph of democracy in the west.

Mr Major, accompanied by Mr Douglas Hurd, UK foreign secretary, will have to choose his words carefully. The message from his advisers is that the prime minister will make it clear to his counterparts that he believes China cannot forever he immune from the changes sweeping through the rest of the world.

Britain's view is that for all China's success so far in combining a relatively free market economy with an authoritarian political structure, the pressures for democracy cannot be stifled indefinitely.

Mr Major will also be carrying lengthy dossiers compiled by Amnesty International and tha Foreign Office oo the human rights abuses of which the Beijing government has been judged guilty since the Tiaoanmen crackdown. Amnesty focuses on 20-or-so specific cases of imprisonment but provides graphic evidence of systematic abusea. The prime minister has promised to raise a number of individual cases.

But the very fact of his visit - his is the first by a western leader since the massecre, thongh it follows that last month of Mr Toshiki Kaifu, the Japanese prime minister - underlines the constraints on his own freedom of speech. His visit to Beijing is the price Britain was ready to pay in order to re-establish workable relations with the Chinese government before the transfer of Hong Kong in 1997.

More specifically, it was the concession that had to be made if China was to sign e deal acceptable to London and Hong Kong on the constructioo of a new $16.2bn (£9.6bn) international airport in the colony.

The airport, esseotial to maintain confidence in Hong Kong, could not be built without Beijing's approval because the work will straddle 1997. Mr Major and Premier Li Peng will sign the memorandum of understanding setting out the terms for its construction - including a significant consultative role in the project for Beijing prior to 1997 and a promise that Hong Kong will have a minimum of HK$25bn in its treasury wben it is handed over.

From a British standpoint, Mr Major, who flies to Hong Kong after his two-day stay in the Chinese capital, cannot afford to jeopardise that agreement with a strident rhetorical flourish against the authoritarianism of his hosts.

Mr Hurd, who visited China in the spring, is unrepentant about the stance. His argument is that the UK government does not have the Inxury of being able to distance itself from the regime in Beijing. Britain is responsible until 1997 for the future of 6m people in Hong Kong and whether it likes it or not, has to deal with the present Chinese leadership.

The foreign secretary, who refused to sign an earlier deal on the airport which would have giveo China greater leverage in the colooy's affairs before the formal transfer, believes that an agreement hy Mr Major to visit Beijing is a price worth paying to protect the interests of Hong Kong.

Mr Major has wider interests. His amhition to give the United Nations a much more prominent role in the new world order emerging from the ashes of the Gulf War and from the collapse of Soviet communism demands Chinese acquiescence if not support in the UN security council.

His hopes of tighter cootrols on arms sales will also depend ultimately on a degree of restraint by Beijing in its deals with other regimes less to western tastes. Iran and Iraq have been among its main customers.

There are those in Beijing, however, who believe that it is China, not Britain, which has got the best of the airport deal. Mr Major's visit will provide the regime with an opportunity to show its own people that China is no longer isolated from the international community. If Mr Kaifu's visit is any guide, Mr Major's handshake will be charted minute-by-minute in the state-controlled media, althougb the British prime minister may be spared the Japanese leader's indignity of laying a wreath et the tomb of the Communist Party's revolutionary heroes in Tiananmen Square.

Moreover, according to many western diplomats, the trip will demonstrate thet China oow has the upper hand in the continuing struggle over tbe course of events in Hong Kong during the run-up to its transfer. The terms of the memorandum suggest an effective Chioese veto over the airport and projects linked to it.

That contrasts with Britain's insistence that the right to consultatioo does not imply a veto. Some diplomats in Beijing believe China is likely to use the agreement over the airport as a precedent to demand inflnence on other issues in Hong Kong prior to 1997.

Mr Major clearly feels that the prize of a working relationship with China which ensures stability in Hong Kong is worth the price of two or three awkward days in Beijing. It is hard, though, to see him enjoying his visit.

Additional reporting by a correspondent in Beijing.

China has acknowledged for the first time that two political dissidents serving 13-year jail terms have been on hunger strike protesting at conditions in which they are beld, Yvonne Preston reports from Beijing.

In an unusually detailed report, the official Hsinhua news-agency said today Wang Juntao and Chen Ziming, prisoners in Beijing's No.2 Jail, declared a hunger strike on August 14 because of a temporary suspension of visits hy their wives.

Wang and Chen, former editors of Economic Studies Weekly and leaders of a private economic think-tank, were jailed in February for their part in the 1989 democracy movement. Allowed one 30-minute visit e month from relatives, their wives were recently barred because they violated prison rules and spoke to foreign reporters.

The wives say their husbands are held in solitary confinement in tiny, insect-ridden cells. Wang's wife, Hou Xiaotian, says he suffers from hepatitis and has been denied medical treatment.

Kuwait's oil minister, Hamond al-Rouba, inspects the first sample of petrol refined in the Ahmadi Refinery, the country's biggest, since it resumed operations after the Iraqi invasion. Kowait can now produce and refine oil to meet its domestic needs, he said at the official re-opening ceremony

China backs pro-Beijing candidates

CHINA is actively backing a group of pro-Beijing candidates for Hong Kong's first direct elections this month, in an apparent effort to undermine liberal politicians and gain experience of democracy, Angus Foster reports from Hong Kong.

Chinese corporations in Hong Kong are providing campaign workers for at least four pro-Cbina candidates. The 170,000-strong pro-Beijing Federation of Trade Unions is recommending the candidates to its members. China remains wary of the elections, which will directly elect 18 out of 60 seats for the colony's law-making council. Mainland newspapers have regularly attacked the liberals, including Mr Martin Lee, who are expected to win a majority of the 18 seats.

China will already be represented in the council because several pro-China figures will be indirectly elected by special trade and professional groups. Bnt Chinese officials in Hong Kong and Beijing have decided to support candidates for the direct elections, because they fear a liberal landslide.

Mr Tam Yiu-chung, who will be elected to the council unopposed representing the Federation of Trade Unions, said the federation was supporting three of the same four candidates in the direct elections. "We feel we haven't enough experience of elections so we want to be more involved for the future," he stated. The number of directly elected seats will rise to 20 in 1995.

Singapore poll ends one-party state

PAP takes only 77 of the 81 seats — a rebuff, reports Kevin Brown

SINGAPORE'S 2.7m people entered uncharted territory on Saturday by electing four opposition MPs, creating tbe largest opposition bloc since the late 1960s.

By local standards, the election was a rebuff to the governing People's Action Party (PAP), even though it took 77, down from 80, of the 81 parliamentary seats and 61 per cent of the popular vote. It was also a personal setback for Mr Goh Chok Tong, the prime minister, who had campaigned hard to improve the party's 63.2 per cent vote in the 1988 slection.

Many voters seemed snrprised by their temerity. "What have we done? I am afraid we have sent the wrong signal to the prime minister," said one of several fearful voters interviewed hy the state-run television service.

The most telling answer came from Mr Chiam See Tong, leader of the Singapore Democratic Party (SDP), and architect of the opposition breakthrough.

"The voters want to keep the PAP in power, but they also want a strong opposition in parliament to keep an eye on the government. It is a sign that Singapore's democracy is growing up," said Mr Chiam.

The immediate impact is to end the de facto one-party state which has existed in Singapore for most of the 26 years since the island broke free from Malaysia, which it joined in 1963 after independence from Britain. For most of that period, the country was ruled by Mr Lee Kuan Yew, the strong-minded lawyer who built the PAP and subsequently eliminated most of the opposition through control of parliament and force of character.

Mr Lee, 67, remains secretary general of the PAP, bnt handed over the prime ministership in November to Mr Goh, a 50-year-old career civil servant who has tried to respond to the changing world climate by softening the party's authoritarian image.

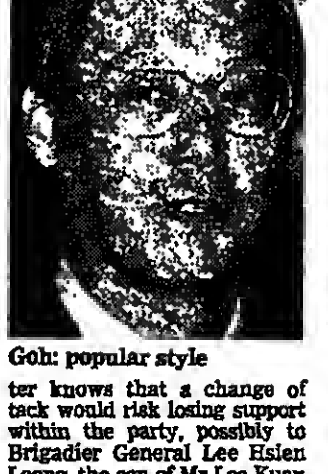
Mr Goh's more consultative style is popular among voters, most of whom approve of his tentative moves to relax government controls hy easing censorship and holding neighbourhood dialogue sessions. Most observers agree that diversity of opinion has become significantly more acceptable over the past nine months. The government has even permitted the publication of a book of cartoons poking mild fun at PAP leaders.

In the immediate aftermath of the election, a visibly angry Mr Goh threatened to put an end to the liberalisation process, pointing out that he asked the country to endorse his style, and instead lost four seats.

Nevertheless, there were indications that Mr Goh may change his mind.

The aspect of the results which appeared to worry him most was the 2.2-point fall in the party's share of the popular vote, continuing a steady decline in support from a peak of 77 per cent in 1980. But more detailed analysis showed that the PAP vote fell only 0.5 points in those constituencies which were contested in both the 1988 and 1991 elections, suggesting that Mr Goh's style may at least have slowed the rate of decline in PAP support.

In addition, the prime minister knows that a change of tack would risk losing support within the party, possibly to Brigadier General Lee Hsien Loong, the son of Mr Lee Kuan Yew, who is widely thought to share his father's more hard-line views. Mr Goh was noticeably quick at his post-election press conference to make clear that both the older Mr Lee and his son supported the decision to call an election, and thus share some of the blame for the party's poor showing.



Goh: popular style

In the short term, Mr Goh is more likely to act against opposition candidates from the centre-left Workers party (WP), who were sccused during the campaign of provoking conflict between the Chinese majority and Indian and Malay minorities. Such a move would command significant support among voters who remember communal rioting in the 1950s and 1960s, sven though the allegations are denied by Mr J.B. Jayaretnam, the WP leader.

However, the government would have to decide whether to risk prosecutions in open court, or to resort to detentioo without trial under the Internal Security Act, a repressive measure inherited from British colonial rule. Successful action against the WP candidates could increase the PAP's chances of success in by-elections to be held in 18 months, in which Mr Jayaretnam is expected to stand after a five-year ban from parliament expires.

The prime minister confirmed yesterday that the by-elections would go ahead, noting that they would give voters a second chance to endorse his programme. He also admitted that his position could be threatened if they do not.

Meanwhile, the big winner is Mr Chiam, a Chinese lawyer, whose SDP took three of the four opposition seats. Mr Goh paid tribute to Mr Chiam's successful strategy yesterday, and indicated the opposition would be allowed to play a full role in parliament. However, he also warned that the opposition may not have the impact it expects. "I may he a little deaf," he said.

Islamabad in curb on co-operatives

PAKISTAN'S government has moved to tighten regulatory controls over financial institutions, after reports of a scandal allegedly involving improper lendings by a network of co-operative societies, Farhan Bokhari reports from Islamabad. The allegations have prompted fears of a run from depositors.

The scandal could also become an embarrassment for the government of prime minister Nawaz Sharif, as there have been allegations of conflict of interest from opposition leaders. The government has asked e high-powered credit commission to "assess adequacy of arrangement for monitoring the working and viability of financial institutions in the country, including co-operative institutions".

Last week, the deputy leader of the opposition, Mr Farooq Leghari, alleged that a large number of deposits by small traders and businessmen had been put in jeopardy.

Mr Sartaj Aziz, finance minister, defended his government's condnct and said no laws had been broken. Small depositors with accounts of up to Rs25,000 (£625) would get their deposits reimbursed at ouce. Depositors with bigger assets would get their deposits back when the assets of the co-operatives were converted into cash.

Ms Benazir Bhutto, opposition leader, plans to visit constituencies in Mr Sharif's home province of Punjab, to hold meetings on the issue.

Israeli cabinet faces hard budget choices

By Hugh Carnegy in Jerusalem

ISRAELI ministers were confronted yesterday with the hard choices facing them if the economy is to stay on track over the next three yeare, when the full impact of Soviet Jewish immigration will be felt.

Soviet immigration is the main source of fiscal pressure in the draft budget proposals for 1992 and tbe subseqnent two years tabled in cabinet yeeterday by Mr Yitzhak Moda'i, finance minister. The upheaval in the Soviet Union has cast doubt over how many Jews will continue to emigrate to Israel, but 350,000 have already arrived, and 650,000 more are expected by 1995.

Most controversial is a big cut in 1992 defence spending, traditionally the biggest non-debt item in the budget, which Mr Moda'i argues must be made if immigration is to be funded without bloating deficits and stoking inflation. The government budget debate, due to continue this week, began just three days before Israel formally requests US government guarantees covering loans for immigration of $10bn (£5.9bn). The guarantees would cut the price of borrowing, and are an integral part of Mr Moda'i's planning.

But Israel, already the biggest recipient of US aid, has received no assurance that the loan guarantees will be forthcoming – at least in the amounts it is seeking. Aside from possible political conditions on Israel's attitude to Washington's Middle East peace efforts, the finance ministry warned the Bush administration would need to be assured the government's economic policy was sound before approving guarantees.

Mr Moda'i proposes holding the budget deficit next year to 5.5 per cent of GDP, declining to around 1 per cent in 1994. He expects growth to rise from around 6 per cent his year to 8 per cent in 1994. But this will not prevent a widening external deficit and unemployment moving up from 10 per cent to 14 per cent. Inflation is expected to stay at an annual rate of 21 per cent.

With pressure to reduce, not increase, the already weighty tax hurden, the draft budget calls for Shk500m (£127m) to be cut from next year's defence budget. With a further deferment of planned defence spending worth Shk500m, this would bring defence expeoditure below Shk15bn. Similar amounts should be lopped off government construction programmes, it says, leaving total government spending targeted at Shk78.8bn.

Mr Moda'i says the reduced Arab military threat following the defeat of Iraq means Israel can afford a temporary cut in defence. But Mr Moshe Arens, defence minister, and Lt-Gen Ehud Barak, chief of staff, are mobilising the Israeli defence lobby to back their call for a Shk1bn addition to the defence budget, to help Israel develop its own anti-missile satellites.

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

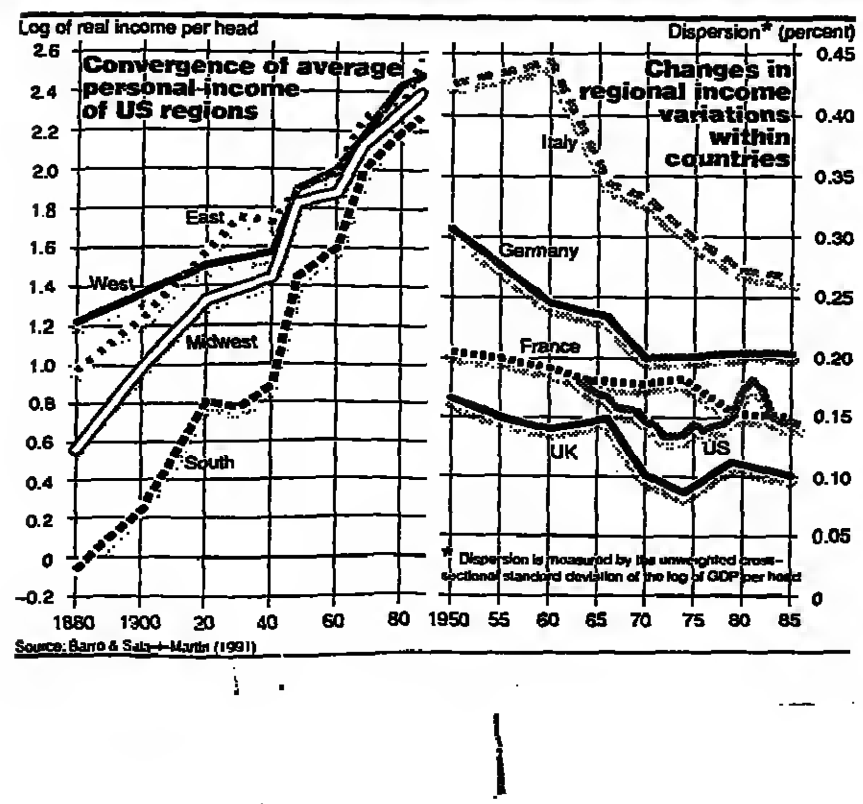
Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

	UNITED STATES					JAPAN				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	95.3	98.3	7.4	96.2	98.4	96.8	96.4	2.7	100.5	93.6
1985	100.0	100.0	7.1	100.0	102.8	100.0	100.0	2.8	100.0	96.6
1986	105.7	101.0	6.8	98.0	106.1	106.6	98.7	2.8	94.3	105.3
1987	108.3	105.9	6.1	105.2	110.0	113.8	103.1	2.8	108.3	115.3
1988	112.2	111.6	5.4	106.3	114.4	122.8	112.9	2.5	135.6	122.8
1989	114.7	114.5	5.2	99.6	113.3	133.0	119.8	2.3	147.0	126.2
1990	114.2	115.7	5.4	84.5	109.1	142.2	125.3	2.1	149.7	124.0
3rd qtr.1990	−1.2	2.2	5.5	83.8	111.8	7.8	5.9	2.1	146.4	124.6
4th qtr.1990	−2.1	0.3	5.8	72.7	109.1	2.8	6.9	2.1	153.2	124.0
1st qtr.1991	−3.9	−2.3	9.4	64.5	110.6	2.9	6.0	2.0	148.0	124.3
2nd qtr.1991		−2.8	6.7	63.2	112.7		3.1	2.1	146.5	123.5
August 1990	−1.8	2.1	5.8	83.7	113.0	6.6	5.1	2.1	145.7	125.3
September	−1.6	2.2	5.6	80.2	111.6	7.5	5.5	2.2	141.3	124.8
October	−1.2	2.0	5.8	76.4	110.3	2.5	8.0	2.2	157.8	124.2
November	−1.5	0.2	5.9	70.7	109.4	3.0	8.6	2.1	148.2	123.6
December	−3.5	−1.3	8.0	71.2	109.1	3.0	8.1	2.1	153.7	124.0
January 1991	−5.9	−0.8	9.1	66.3	109.4	3.3	7.7	2.0	153.3	124.0
February	−3.2	−2.8	6.4	64.3	110.1	2.7	8.9	2.0	148.5	124.3
March	−2.1	−3.6	6.9	63.1	110.8	1.9	3.5	2.2	142.6	124.3
April	−2.2	−3.0	6.5	62.7	111.2	2.1	3.6	2.1	152.5	124.1
May	−1.2	−2.7	6.8	62.5	112.2	1.9	4.3	2.0	146.5	123.6
June		−2.7	6.9	64.3	112.7		1.1	2.1	140.5	123.5
July		−2.5					2.4			

	GERMANY					FRANCE				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	99.2	96.0	7.1	83.4	99.6	99.3	99.3	8.7	99.3	98.2
1985	100.0	100.0	7.2	100.0	104.1	100.0	100.0	10.2	100.0	101.5
1986	103.6	102.2	6.4	136.4	103.7	102.4	101.2	10.4	107.4	106.0
1987	107.4	102.5	6.2	149.4	104.8	104.5	103.1	10.5	116.0	107.4
1988	110.6	106.2	6.2	164.7	110.9	107.9	107.3	10.0	134.6	112.2
1989	113.7	111.4	5.6	218.8	113.8	108.8	111.2	9.4	159.3	111.7
1990	122.9	117.2	5.1	261.4	114.4	110.1	112.5	8.9	163.2	104.8
3rd qtr.1990	13.1	5.6	5.1	264.1	115.4	−0.5	2.3	8.6	162.6	106.5
4th qtr.1990	6.7	5.1	4.7	258.1	114.4	0.6	−0.3	6.6	146.6	104.8
1st qtr.1991	12.0	4.8	4.5	268.6	112.3	−0.5	0.6	6.0	130.3	105.0
2nd qtr.1991	9.6	5.0		282.1		−1.5	0.1	8.3	127.5	106.7
August 1990	11.6	5.6	5.1	266.6	116.6	−1.2	2.3	8.8	164.5	106.1
September	12.8	6.2	5.0	257.5	115.4	−1.1	2.2	8.8	159.7	106.5
October	8.6	6.2	4.8	254.8	114.9	4.2	1.3	8.9	164.5	105.3
November	6.8	6.5	4.7	257.3	114.9	−2.8	−0.8	8.9	148.5	104.9
December	7.4	3.5	4.8	262.2	114.4	0.6	−1.6	8.9	140.0	104.6
January 1991	14.5	5.9	4.5	267.2	113.3	−0.3	1.4	8.9	134.4	104.7
February	10.3	4.0	4.5	268.4	113.0	−1.6	2.1	6.0	127.5	104.7
March	11.3	4.6	4.4	273.8	112.3	0.5	−1.8	9.0	129.3	105.0
April	9.3	6.7	4.5	278.8	111.9	0.4	−0.1	6.1	126.5	105.5
May	7.0	3.0	4.5	281.3	111.4	−2.0	0.3	9.3	126.9	106.0
June	12.7	5.4		285.4		−2.6	0.2	8.4	129.3	106.7
July				285.4					132.2	106.6

	ITALY				UNITED KINGDOM				
	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	95.8	98.5	9.5	101.2	95.6	94.8	11.7	93.7	100.7
1985	100.0	100.0	8.6	103.7	100.0	100.0	11.2	100.0	102.4
1986	108.0	103.2	10.4	110.5	105.2	102.4	11.2	116.1	105.2
1987	113.8	106.8	10.9	112.7	110.7	105.7	10.3	141.2	109.5
1988	110.2	114.2	10.9	117.8	117.7	109.6	8.5	144.3	106.3
1989	117.6	118.7	10.9	115.8	119.9	109.9	7.1	124.2	106.0
1990		117.9	9.8	112.2	120.4	109.2	6.9	97.8	102.4
3rd qtr.1990		−1.2	8.8	114.5	0.6	−1.8	6.8	93.9	104.0
4th qtr.1990		−4.2	8.8	112.2	−1.2	−3.4	7.3	76.3	102.4
1st qtr.1991		−1.8	10.0	113.2	−0.7	−3.2	8.2	82.6	102.8
2nd qtr.1991					−1.6	−6.1	8.2	64.6	103.7
1990 August	−4.3	−1.1	n.a.	114.8	−0.4	−2.4	8.8	94.6	104.4
September		−1.2	n.a.	114.5	−0.1	−2.4	6.9	89.8	104.0
October		−3.0	n.a.	114.3	−0.9	−2.3	7.0	80.9	103.5
November		−4.1	n.a.	113.6	−1.4	−3.8	7.9	75.1	103.0
December		−5.6	n.a.	112.2	−1.2	−4.3	7.8	73.0	102.4
1991 January		0.0	n.a.	112.1	−1.5	−3.6	7.8	82.3	102.0
February		−2.5	n.a.	112.2	−2.8	−2.2	8.1	84.1	102.1
March		−2.8	n.a.	113.2	1.9	−3.4	8.6	82.2	102.8
April		−4.1	n.a.	113.8	−2.1	−9.6	6.9	71.6	103.5
May		−2.9	n.a.	113.8	−3.2	−8.1	9.2	63.3	103.4
June			n.a.		−0.4	−5.6	9.4	56.8	103.7
July			n.a.		−0.8			59.5	104.4

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.



Source: Barro & Sala-i-Martin (1991)

The pace of convergence of poor and rich regions

WHETHER POOR regions catch up with their richer neighbours ie of mora than usual interest. Most west European countries have eome regionel income inequality. But the north-south income divides in Italy or the UK are small compared to the west-east gulf within the unified Germany or between European community members and the new market economies of eastern Europe. Will the east catch up with the more developed west? And how long will it take?

Less developed regions or countries ehould, in theory, have higher rates of growth of income per head. An isoleted region's growth rate depends on its population's willingness to save, providing funds for investment, end the productivity of that investment. If tha mora productive projects are undertaken first than the marginal return on investment, and thus the rate of economic growth, should fall over time. Convergence will occur faster it the poor ragion can borrow from abroad, allowing it to invest more than its own savings would permit, or if labour migrates to the richer regions, though not if migrents are disproportionetely more educated or anterprising.

Yet thia is ell (simple) theory. Do poorer regiona, in fact, tend to catch up with richer regions? Mr Robert Barro and Mr Xavier Sala-i-Mertin, have investigated regional convargance in the US and western European.* The anewer, they find, is yes, but only slowly.

The US civil war left the south sevarely weakened economically as well as politically. In 1880, its average income per head was only 50 per cent of that of the mora affluent wast. But the southern states have hed above evarage growth rates of income per head eince then. As a result, as the left-hand chart shows, the income diapersion across the four US regions in 1880 has almost disappeared.

Yet the pace of convergence was slow. It took the south over 70 years to return to its pre-war position, relative to the other regions. On average, just 2 per cent of the remaining gap between the rich and poor regions was closed each year. Nor was convergence in tha US a smooth process. For axample, the collapse of tha wartime cotton boom in the 1920s hit the south hardest, and reduced its relative income per head. But adjusting tor the effect of regionel shocks the 2 per cent per year estimete ie remerkably stable across different time periode.

Thia estimate appears to fit the Europeen experience too. The trend in regional income dispersion within countries ie cleerly down, with little national variation eround the 2 per cent per year convergence estimate. But the degree of variation differs widely across countries, as the right-hand chert ehowe. Italy has consistently had a wider dispersion of grosa domestic product per head than Germany, France or the US while the UK has the least regional divergence.

Italy'a north-south divida has eased since 1950, in line with the Barro-Sala-i-Mertin estimete. In 1950 the everege GDP per head of the prosperous northern regions was 70 per cent above the Italian average. But the southern regions heve grown faster than the north in each of the past four decades, leaving the north only 38 per cent above tha mean in 1985. In tha UK, by contrast, the north-south divide has opened, even though the unweighted dispersion has narrowed. GDP per head was little different in the north end south in 1950. But the north grew more slowly in the 1960s and 1980s. By 1985 the north wes 3 per cent below the UK mean and the aouth 5 per cent above.

Still, the evidence is cleer: poor regions do tend to catch up with rich ragions, at least in relatively homogenous advanced industrialised countries. But the process is alow end can be set-back by unexpected events such as failed harvests, oil shocks, wers or revolutione. Even if everything goee smoothly, the divide between east and west Germany will take decades rather than years to close. If, as it is estimated, income per head in the eastern lander is half that in the west, and converges by 2 per cent e year, it will take 35 years to eliminete just half of this initial gap.

Edward Balls

* *R.Barro & X.Sala-i-Martin: "Convergence across States and Regions", Brookings Papers on Economic Activity, 1:1991*

Joe Matsau, Managing Director of the Lesotho Electrical Company, is bringing energy to the villages of his country.

Joe Matsau is bringing electricity to "The Kingdom in the Sky".

The de-forestation of some parts of Africa has been a matter of survival, not profit. In the mountainous kingdom of Lesotho, generations of villagers have had to live off the land for fuel to cook and heat their homes.

Joe Matsau of the Lesotho Electrical Company has a promising alternative. He is directing a long-term rural electrification programme which will make his country energy self-sufficient.

Hydro-electric power is the key, with transmission lines reaching up to over 2,000 meters into the "Kingdom in the Sky", as it is known locally. Village by village, Lesotho is switching dependency from the earth's fragile resources to the fruits of man's ingenuity.

"We still have a long way to go", says Mr. Matsau, "but the programme would never have seen the light of day without ABB's help – not just their technology, but their skill in identifying crucial aid and loan sources for us."

"The world is changing fast. To catch up, we have to change even faster. And, thanks to ABB, we're doing just that."

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Institutions seek new reporting standards

By Norma Cohen

INSTITUTIONAL shareholders are pressing the Accounting Standards Council to compel companies to give more information ahont their finances and their relationships with their anditors.

The National Association of Pension funds has written to the ASC asking it to consider measures inclnding establishing a new reporting format similar to the 10K report US companies have to file under Securities and Exchange Commission rules.

US-style reporting requirements have long been anathema to British companies. Most of those seeking a US shareholder base have opted to issue ADRs rather than seek e full stock exchange listing, which would involve complying with reporting requirements they regard as onerous.

The NAPF, which represents many of the UK's largest institutional shareholders, believes that a standardized reporting format would facilitate comparisons between companies and give investors more complete information. A scaled-down reporting format for non-professional investors could be made evailahle et the same time, the NAPF suggested.

"Shareholders would like more information right across the board," said Mr Clive Gilchrist, chairman of the NAPF'e investments committee which drafted the letter.

Mr Gilchrist said the group had been approached hy the ASC and asked to describe its concerns.

The letter also suggests that conglomerates be required to disclose profits information about their suhsidiaries, allowing investors to see how each unit contrihutes to group earnings. Also, companies should he required to disclose the remitability of profits – the extent to which a parent company can use profits generated hy a snhsidiary in another country.

Investment managers said Polly Peck should have beeo required to disclose fully the "ring fence" around earnings of its US-based Del Monte subsidiary and its nnremitahle profits from Northern Cyprus.

The rule would also offer greater insights into companies snch as Lonrho, which owns profitable copper mining operations in Zamhia where foreign exchange controls may prevent transfer of profits to the parent company.

The NAPF is urging that companies disclose the location of assets in order to avold confusion about beneficial control.

ECONOMY

Recession 'to end this year'

By Rachel Johnson, Economica Staff

THE UK recession is likely to end this year, but its aftermath – rising unemployment and falling business investment – will mean low growth, stuggish factory output and ballooning public spending in 1992, accordiog to the Financial Times' summer compilation of 23 forecasts from university economists, independent think-tanks, and City investment houses, published today.

Pay settlements in manufecturing will tumble towards 5 per cent this autumn, from a peak above 9 per cent last year. This should spur productivity growth despite an increase in factory output of only 2 per cent next year.

Overall, the forecasters predict gross domestic product to rise by an average 1.7 per cent oext year – hy less than the government has forecast – after a fall of over 2 per cent in 1991.

Despite retail price inflation's fall to an annual rate below 4 per ceot next year, the government will be unahle to cut interest rates below 10 per cent before the election. For political nervousness will mount as the election nears, making sterling vulnerable on the foreign exchanges.

This constraint underscores the government's inability to stop unemployment rising by another 400,000 to a forecast peak of 2.8m in 1992. Though pay settlements will fall, companies will be forced to shed labour to cut costs.

"Wage slowdown is the big event of the autumn," says Mr Giles Keating, economist at Credit Suisse First Boston. "Manufacturing unit labour cost increases will fall rapidly, reaching about 2 per cent this time next year."

If the forecasters are proved correct – and there is a quick and lasting change in UK wage and price setting from this autumn – this will raise hopes that the UK has adjusted rapidly to the ERM discipline.

It suggests that wage-setters are lowering pay awards in recognition of the government's pledge that it will not devalue the pound.

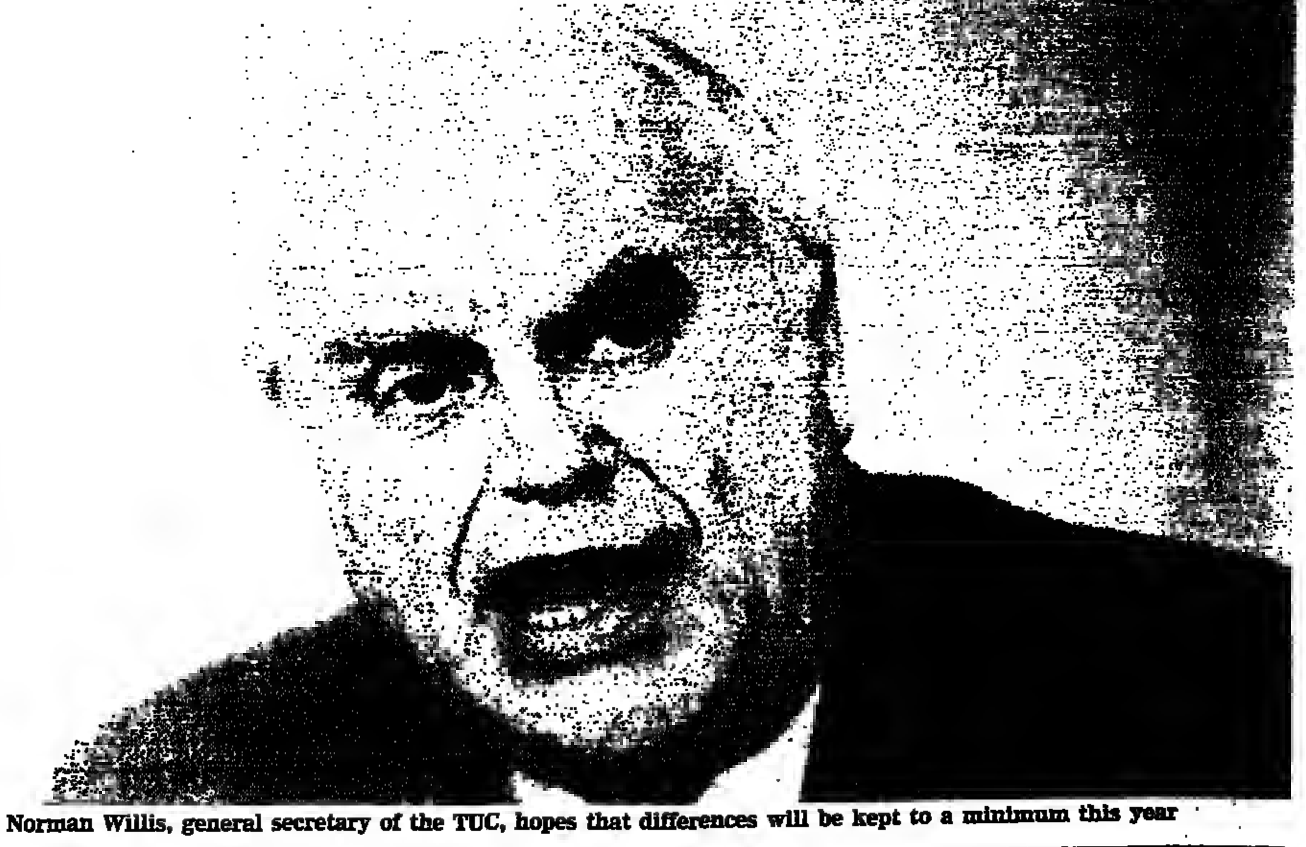
One lasting effect of the recession next year will be the deterioration in the government's finances, the forecast finds. Borrowing in 1991-1992 will rise to £15.5bn, around 6 per cent of GDP from around 2 per cent of this year, as benefit payments rise, and tax revenues continue to drop as a result of the recession.

Forecasters ere concerned that Mr Norman Lamont, the chancellor, will have a difficult job managing the upswing and the pound simultaneously. A decision to narrow sterling's ERM bands is ruled out as a pre-election possihility by most.

According to NatWest Capital Markets, "devaluation of sterling's parity within the ERM is very unlikely ahead of the election."

Greenwell Montagu, however, suggests that narrow bands remain a possibility "if signs of economic recovery do not emerge this year or if sterling comes under significant selling pressure."

Details, Page 8



Norman Willis, general secretary of the TUC, hopes that differences will be kept to a minimum this year

TGWU to support proposals for employment law reform

By Michael Smith and Alison Smith

THE TGWU general workers' union yesterday decided to give its unequivocal support to the Labour party's plans for reforming employment law, ensuring that a motion interpreted as critical of Labour's employment legislation proposals will be defeated at the TUC annual Congress in Glasgow tomorrow.

The motion is to be proposed by Mr Arthur Scargill, president of the Netional Union of Mineworkers, and calls for the repeal of all anti-union legislation.

The TGWU's decision yesterday came as Labour sought to shrug off the first Tory lead in the opinion polls for six months, attributing it to the high profile of Mr John Major, the prime minister, during the dramatic events in the Soviet Union.

The survey, by Mori for the Sunday Times newspaper, gives the Tories 42 per cent, up four points on the previous month's showing, Labour 40 per cent, down three points, and the Liberal Democrats 14 per cent, down one point.

The Tories greeted the poll with caotious optimism, and have also been encouraged by comments from Mr Neil Kinnock, the Labour leader, that most of his party never believed in wholesale nationalisation, and that the move to make a minimum wage two-thirds of average male earnings might have to wait "beyond the lifetime of one parliament". He said his remarks, in an interview in the Director magazine, were not e retreat, hut a recognition of reality. "We will introduce the 50 per cent level promptly hut any advance on that is going to depend entirely on the performance of the economy so there can't be a timetable."

The Conservative assault on Labour's support for a national minimum wage is likely to be stepped up today in an ettack hy Mr Michael Howard, employment secretary, on Labour's links with the unions.

In tomorrow's TUC vote, it is possible that more than a quarter of TUC delegates will vote to support the NUM motion.

Large unions, including the Nalgo public service union and the MSF general technical union, are among those who will vote in favour.

But a motion broadly in line with Labour's plans for retaining ballots before strikes and compulsory elections of union officials is certain of being supported hy most unions.

This is being proposed by Mr Ron Todd, general secretary of the TGWU general workers' union. Moves among his delegation to snpport the NUM motion also were defeated by a 7-1 vote.

Some supporters of Mr Scargill's motion argued that its approval would not necessarily have meant a fundamental challenge to Labour because the phrase "all anti-union" would not necessarily apply to all Conservative party legislation, inclnding that on ballots and elections.

Opponents argued that the wording would have have been a gift to Tory propagandists.

Mr Ken Gill, MSF general secretary and a supporter of Mr Scargill's motion, said Labour would feel more confident to leave "e fair amount of Tory legislation on the statute books."

Union leaders will this week seek to avoid controversial decisions hut there will be divisions over a motion critical of the EEPTU electricians' union, which was expelled from the TUC three years ago and has recently been recruiting members of other unions.

The AEU engineering union, which is holding amalgamation talks with the EETPU, said yesterday it would strongly oppose the motion.

There is also likely to be strong support for a boycott of Employment Action, a government scheme to give work experience to the unemployed.

Mr Howard will today accuse the unions of irresponsibility and of deserting the unemployed.

Unions seek a spirit of harmony

Michael Smith previews the TUC congress being held this week

ONE of the favonrite anecdotes told by Mr Norman Willis, general secretary of the Trades Union Congress, concerns Mr George Woodcock, one of his predecessors. At the end of a particularly uneventful TUC congress week Mr Woodcock reacted with glee to e journalist's accusations that the event had been boring. "Thank yon very much," he said.

Last week, at a pre-congress press conference Mr Willis echoed Mr Woodcock's sentiments when he said: "I hope it is not too interesting for you." He had just finished a long monologue ahont how the week's theme would be social partnership.

Pressing for meetings between the government, employers and unions is a worthy cause hnt it is unlikely to stir the public imagination to fever pitch. The sad fact for the TUC is that the puhlic would be much more likely to become aware of this week's congress if it were unable to prevent two other partnerships – that between the unions themselves and that between them and a Lahour government – from running into trouble.

The unions' need to keep differences to a minimum is perhaps more pressing than at any time since the Tories took office in 1979. One reason is that they know for certain that this is the last congress hefore an election. In 1982 and 1986 there was at least a chance of another congress before a poll. Rows would damage union credibility end set hack Labour's electoral chances.

More important is the existence of the government's green paper on employment legislation. The unions have welcomed none of the Tories laws concerning them. The danger of the latest proposals is that, for the first time, they could strike directly at the heart of the unions' finances.

This is because of the inclusion of a measure requiring union members to sign at least once a year a declaration that they want their employer to continue arrangements for deducting union dues from salaries.

If members had to think every year about whether they wanted to remain in their union some, perhaps many, would leave, causing more prohlems for organisations already grappling with severe financial problems.

These considerations have concentrated minds on seeking harmony on the two most divisive issues among unions – pay and employment lew – and the damage limitation exercise has been largely successful.

Unions with widely diverging opinions have agreed to heck a single, if unwieldy, motion on pay and collective hargaining. Divisions over employment law proved too great to hridge and two motions – one strongly backing the Labour party'e policy of partial reform, the other seeking the repeal of all anti-union legislation – will be presented to congress.

The phrase "all anti-union legislation" means all things to all people. Mr Ron Todd, general secretary of the TGWU general workers, argues that his union's backing of such e policy this summer did not commit it to a repeal of all post-1979 legislation. He accepts that strike ballots and elections for senior union officials are here to stay.

Mr Todd withdrew the "all anti-union" phrase from the pro-Labour leadership motion he will propose, in part because he believes the argument over the word "all" distracts from more important issues.

MR Arthnr Scargill, president of the National Union of Mineworkers, does believe in the repeal of legislation requiring ballots and elections of officers. Most other unions – even among those who will support him tomorrow – do not.

The unions will have an influential role in determining Labour's plans for more co-ordination of wage bargaining. These are still at a relatively early stage. For example, the precise role of a national economic assessment (NEA), in which government, employers and unions would take part, has still to be determined.

In spite of this week's likely unanimous support for the TUC and Labour party's pay bargaining policy, there are considerahle differences among unions about how it should work.

A more fundamental split exists over how far unions should show pay restraint. The motion rejects rigid or imposed pay norms – as does the Labour party. However, Mr Alan Tuffin, general secretary of the Union of Communication Workers and proposer of the motion, says he would expect the NEA to have a view of what can be afforded on pay.

"If we are going to seek money for training, the health services, pensions, a minimum wage, surely the government is entitled to ask 'What is in it for us'?" A going rate for pay is likely to emerge, he says.

To most union leaders that is pay restraint, anathema to most, but not to all.

Mr Willis and other TUC officials will no doubt be hoping that Mr Tuffin is not too explicit abont his beliefs on Wednesday, thus postponing the inevitahle rows on the issue until after Mr Kinnock has been installed in Downing Street.

Out into a political wilderness

By Alison Smith

THE decision by Dr David Owen, the last leader of the defunct Social Democratic Party, not to contest the next general election brings to an apparent end one of Westminster's most intriguing political careers in the last 20 years.

Since the demise fifteen months ago of the SDP, the party he helped to found in 1981 to hreak the mould of British politics, it has eeemed increasingly likely that Dr Owen would leave the House of Commons at the next election.

In part, the fascination with his political future comes from the glamour that has attached to him since he became the youngeet foreign secretary since Sir Anthony Eden in 1977.

His stature became more marked as the number of former cabinet ministers in opposition ranks dwindled.

In the 1980e, as the most charismatic of the "gang of four" who set up the SDP, which thrived on media coverage and hy-elections, he received growing prominence, especially after becoming its leader in 1983.

He in particular embodied its approach of "e tough economic policy and tender social policy".

More recently, he hes acquired a uniqne political role, as an in-honse critic whose comments about any of the three main parties could still confer on them the seal of approval which would epell support from the middle-class voters for whom the SDP was the beginning of political involvement.

It is no mean achievement for someone who teft first the Labour party after 15 years as an MP, and then refused to accept the merger of the SDP and the Liberal party in 1988, leading a dwindling band of supporters into a political wilderness.

The warmth with which he speaks of Mr John Major, the prime minister, seems to be reciprocated. Mr Major said that he was sorry Dr Owen was leaving the Commons, commenting that: "He is a man of talent whose abtlities t admire."

Dr Owen commenda Mr Major'a handling of the international crises he has faced since becoming prime minister, and approves also of his use of the language of the social market, commitment to the national health service, and espousal of the idea of a "classless society".

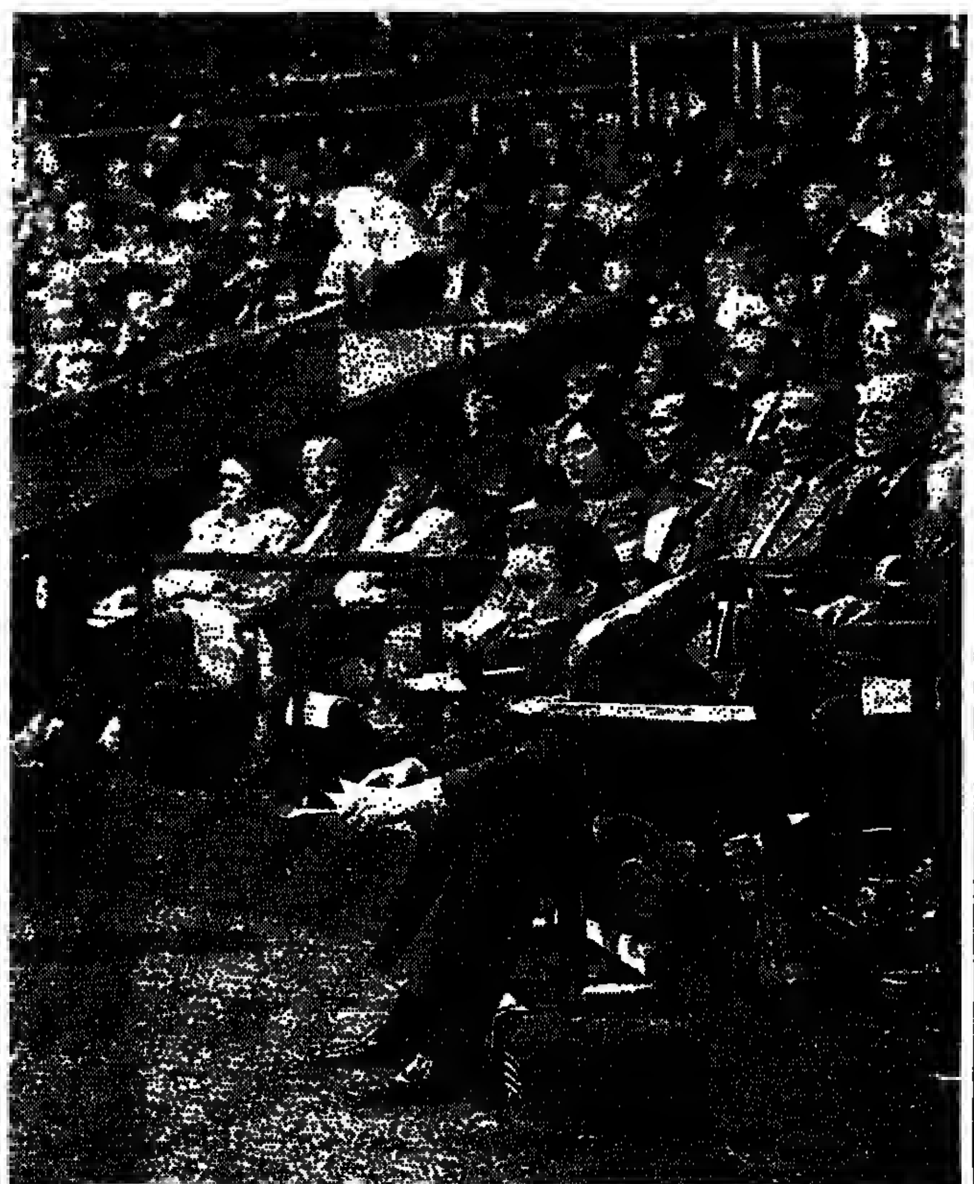
He also expressed the hope that the changes in the party since Mrs Thatcher's departure have not extended to its attitude to the market economy and to trade union reforms.

His decision to leave the Commons came, he says, because he felt his influence was decreasing: "In as much as the SDP has been a influence, I admit my influence is waning".

On occasions he has sounded as though he believes the influence of the SDP was solely responsible for the Lahour party's move towards more moderate pollciee since the early 1980s. Labour now, he thinks, ia "massively improved" from how it used to be: in 1983 and 1987 it was "unfit to govern".

As for the political future, he disclaims any messianic urge to tell people how to vote.

"My present intention is to cast my vote like any private citizen, but I could be provoked, especially if Europe blew up."



Terry Kirk

Alone: Dr David Owen pictured in 1981 before he spoke at a special Labour conference; soon after he resigned to found the Social Democratic Party

Government to improve access to information

THE UK government is to bow to pressure from MPs and is looking at ways of making more readily accesshie answers to MPs' parliamentary questions (PQs) on matters dealt with by Whitehall'e executive agencies writes Alison Smith.

In contrast to written answers from ministers, which are published in Hansard, the reeord of parliamentary debates, letters to MPs from heads of executive agencies in response to PQs are available only in the House of Commons library.

This has been e consistent source of complaint from MPs. Most recently, the all-party Treasury and Civil Service committee, whose annual report on the "next steps" agencies was published as the Commons dispersed for the summer, said: "The provision of information is vital if agencies are to be accepted by parliament and the public."

The report also said that the operational matters referred to the agencies rather receiving ministerial replies had proved "unexpectedly wide in scope".

Officials are working on possible solutions, and may be able to provide an answer in the government's response to the committee, intended for late October.

The agencies account for more than 210,000 civil servants, about one-third of the total.

Among the largest are those administering the social security and unemployment benefit system. It is in these areas – more sensitive than some of the other responsibilities turned over to agencies – that much of the parliamentary pressure has come.

Mr Paul Flynn, an opposition social security spokesman, has been among those campaigning for the answers to be more easily available. His office has begun an unofficial monthly compilation of the most significant answers given on social security and employment matters.

Telephone price structure seen as confusing

By Tim Lawrance

NEW TELEPHONE charges introduced today by BT (formerly British Telecom) aod Mercury Communications seem more likely to baffle than enlighten the business users at whom they are aimed.

After the week or more during whicb companies have had tbe opportunity to study the new scales, many have found it far from easy to work out whicb service will be cbeaper.

Mr Peter Allen, chairman of the Telecommunications Users' Association, said: "One cannot complain that there is more choice available, but it will be difficult for companies to take advantage of this because BT and Mercury are using different pricing mecbanisms.

"While there will probably be some benefits for large business organisations, smaller companies may find it difficult to work through what is a very complex set of arrangements."

Mr Derek Nicholas, senior telecommunications analyst at Citibank and chairman of the computing, telecommunications and information policy committee of the international Cbamber of Commerce, believes neither company has a clear-cut advantage, and that the new price changes only complicate the situation still further.

He said: "In some cases BT offers the best routes, in others Mercury's are the best on offer. The blend will depend on traffic volumes, tbe routes over which that traffic is going and the prices of those routes at different times of the day."

BT announced at the beginning of August that it would increase prices overall by about 7 per cent less than the rate of inflation, with discounts for high-volume customers, but would introduce higher line rental and connection charges.

The changes were described at tbeir launch in August as "a mixed pndding" by Mr Mike Bett, BT's vice-chairman.

On Augaat 21, Mercury announced a similarly radical restructuring of its prices. The price of calls is to fall, by more for big businesses than for small business and residential customers, and a new "frequent caller" programme comes in to compete with BT's discount system.

As both companies fougbt for business, Mercury won the contract for London Transport's telephone network from BT last week.

Mercury said: "This agreement means that more companies are starting to recognise wa have a genuine competitive edge over BT."

Before the changes, BT was losing customers, eapecially businesses, in a slow trickle to Mercury. The changes are not expected to change the companies' relative competitive positions.

Citibank, whicb uses botb networks, will reappraise bow it uses them in the light of the new charges, according to Mr Nicbolas. "Pressures to cot costs because of the general economic situation means that the new price offers will be given serious attention," he said.

Today's changes will affect businesses in two ways. First, operating costs for telephone traffic will continue to fall because most big companies make a substantial number of international calls, which will now be significantly cheaper.

Second, as prices fall, special-purpose networks, whicb were introduced by many big businesses on the expectation that they would reduce telephone costs, will become less attractive.

Because the new pricing system is so complex, only large businesses with sophisticated telepbone switching systems, whicb automatically select the cheapest route, will be able to benefit fully from the price war.

Most large businesses will probably continue to use a mixture of BT and Mercury services, with BT used predominantly for incoming calls and Mercury used mostly for ontgoing calls. The fact that both networks are available provides companies with a measure of security should one system break down.

Companies are likely to wait for the situation to become more clear before making any radical change in their allegiances.

Mr Ron Bell, head of group telecommunications at BP, prefers to stand back from the price battle in the telepbone market. He said: "It isn't our policy to switcb backwards and forwards at short notice every time BT or Mercury introduce a price change. We are not expecting to make any rapid changes."

Trevor Humphries

Mike Bett: BT pricing changes are "a mixed pndding"

Closure will top agenda as bank regulators meet

By David Lascelles, Banking Editor

THE BCCI SHUTDOWN

TOP international banking snpervisors gather in Stockholm today for a two-day meeting at which the ramifications of Bank of Credit and Commerce International shutdown will dominate the agenda.

The meeting of the so-called Basle Committee of banking officials from the Group of Ten industrial countries is the first since BCCI's assets were seized in a worldwide swoop on July 5.

The meeting will also be the first to be cbaired by Mr Gerald Corrigan, the president of the New York Federal Reserve Bank, who was appointed only tbree days after BCCI was closed.

Although officials do not expect the meeting to produce immediate changes in banking regulation, it will provide them with their first opportunity to discuss the failings exposed by the BCCI crisis.

The officials are expected to consider ways of tightening up the Basle Coocordat, which allocates responsibility for supervising banks with operations in more than one country. They may insist, for example, that banks incorporate in tbe country where they have their main business, and tbat they all bave a clearly defined lender of last resort.

The BCCI affair may also lead to changes in supervisory and auditing practices to enable fraud to be identified more quickly.

Mr Corrigan has avoided making any specific statements about tha lessons of BCCI since his appointment, other than emphasising the need to avoid rushing to conclusions over a bank that was unique in many respects. He will be testifying to a Congressional banking committee about BCCI on September 13.

The BCCI affair will also be discussed by G10 central bank governors when they hold their first post-holiday meeting in Basle in a week's time.

● Mr Masihur Rahman, who was BCCI's chief financial officer until ba resigned last year, accused the Bank of England and Price Waterhouse, BCCI's auditors, of "gross negligence" in tbeir handling of the bank.

In an interview with the Observer yesterday, Mr Rahman said both the Bank and Price Waterhouse failed to act even though thare was evidence of irregular lending in 1989, and of possible fraud in BCCI's treasury in 1985.

The Bank of England was interested only in "a whitewash" until the evidence of frand was so overwhelming that it had no choice but to shut the bank down, he said.

First step to tougher regulation, Page 13

IRA admits planting bomb in bookshop

THE IRA yesterday admitted being behind five bombing attacks, confirming fears of a renewed terror campaign in mainland Britain.

In a statement issued in Dublin, it admitted planting an incendiary device found unexploded oo Saturday at a bookshop in Charing Cross Road, London, and claimed responsibility for an attack on a pub in Charing Cross Road and in a Manchester shopping centre.

It added that unexploded devices found in Preston, Lancashire, and on a London underground train were its weapons.

Scientific specialists were yesterday examining the fire bomb found at Bargain Books of Oxford in Charing Cross Road. The weapon, contained in a small cassette-type box, was similar in construction to those found earlier this year in the other incidents.

Scotland Yard said: "Tbe head of the anti-terrorist branch, Commander George Churchill-Coleman, has warned retailers and the public to remain vigilant and alert to these and other types of terrorist incidents."

The IRA warned in its statement that similar attacks would be maintained as long as Britain stayed in Northern Ireland.

The statement said the bombs had been put in place by "volunteers" of its "active service units". It threatened to continue such attacks in Britain and elsewhere.

Chambers seek aid for Black Country

By Paul Cheeseright, Midlanda Correspondent

FOUR chambers of commerce in the Black Country area of tbe west Midlanda are organising a joint lobby of the Conservative and Labour party conferencea this montb and next.

The cbambars of Dudley, Sandwell, Walsall and Wolverhampton are to present conference delegates with a plea for cash aid to replace worn-out indnstry and to improve the local environment.

They will also seek political support for new road links.

One of tbs most industrialised areas in the UK, the Black Country has suffered severely in tbe recession. Unemployment rates, depending on the borough, are between 3 and 4.5 percentage points above the national average.

The decision to lobby the party conferences reflects the desire to overcome the view in the Black Country that, as Mrs Anne Avian, manager of the Sandwell chamber, put it: "We are always left out of things".

It also reflects the trend among chambers of commerce nationally to pool resources to provide a better service to business. In October 1990, the Association of British Chambers of Commerce, the umbrella body for the individual chambers, introduced a plan to promote co-operation among chambers. That envisaged 55 "core" chambers, as smaller chambers affiliate with the larger ones.

The catalyst for a combined effort at the party conferences by the normally independent Black Country chambers is believed locally to be the efforts of Mr Don Richardson and Mr Roy Richardson, the brothers who own Richardson Developments, tbe property group.

CBI finds moderate optimism on economic upturn

By Michael Cassell, Business Correspondent

THERE is now widespread, if moderate, optimism throughout British industry that 1992 will bring an upturn in business to all sectors of the economy, according to a survey jointly conducted by the Confederation of British Industry and A.T. Kearney, management consultants.

The survey, published today, finds that most companies across 18 business sectors expect sales and profits to recover next year from 1991 levels.

Mr Andrew Sentance, CBI economic affairs director, said: "It looks like 1992 will be the year of recovery for the British economy."

The survey – of 685 private-sector companies with combined annual sales of £65bn and 1.5m employees – confirms that the recession will nevertheless continue to take its toll, with capital spending and employment levels falling well into 1992. Nevertheless, it reports that employers remain committed to increased training and that spending on research and development is likely to continue to hold up well.

The findings, based on questions asked in May and early June, are among the most optimistic conclusions yet to be drawn about the medlom-term economic ootlook. In spite of growing evidence that the recession has already bottomed out, though, the survey's authors confine themselves to suggesting only that tbe low point of tha present cycle will be reached before the end of 1991.

The survey concIndes that the improvement in sales is expected to be in advance of profitability in returning to 1989 levels. Profits will continue to be squeezed by rising costs and an inability to raise prices.

Every industry sector is predicting higher sales next year, with nearly balf tha participants expecting them to return to 1989 levels before the end of this year. Yet even the most optimistic sectors – motor vehicles, communications and financial services – are predicting recovery rather than real expansion.

The survey concludes that the recession is, in spite of its difficulties, forcing changes that sbould be of longer-term benefit to British business.

The main reaction of management to what it describes as a "historically severe decline" in domestic demand has been to emphasise cost reduction and to improve quality.

The survey shows that companies are planning to improve the quality of personnel from within their organisations, placing greater emphasis on training, job switching and retraining. Businesses of all sizes are said to be taking tha same view.

On unemployment, the survey finds that most small companies expect to recruit more people in 1992, while large and medium-sized bnsinesses say thay will continue to shed labour. The most significant impact of continuing job losses will be on unskilled manual staff, management and administration.

Managing the Year Ahead – Business Responses to Current Economic Pressures. CBI, 103 Oxford St, London WC1A 1DU. £50.

Record on recycling comes under attack

By Juliet Sychrava

THE UK is bottom of the European league when it comes to recycling, according to a survey published by the Liberal Democrats today. Only Ireland and Greece had a worse record than Britain, in spite of consumer enthusiasm for recycling, the survey found.

In tbe Netberlands, which has the best recycling record, 49 per cent of paper and cardboard, 86.3 per cent of steel, and 66 per cent of glass are recycled. In the UK, the figures are 30.4 per cent, 74.7 per cent, and 21 per cent respectively.

The UK is also falling behind when it comes to renewable energy, according to a Friends of the Earth survey, also published today. The survey found that 87 per cent of the public would be prepared to pay more for government investment in alternative energy sources such as wind and wave power.

The criticism came just after the deadline for renewable energy projects to submit their applications for support under the government's Non-Fossil Fuel Obligation (NFFO) scheme, which helps to fund renewable and nuclear energy through a levy on electricity prices.

Friends of the Earth said that only some of the many projects that applied for the scheme would be accepted, and the others would founder.

Staff lawyers said to be cheaper

By Robert Rice, Legal Correspondent

THE COST to companies of using outside lawyers is between three and five times that of using their own legal departments, according to a survey published today.

The survey of the legal departments of more than 100 top companies carried out by Chambers & Partners, the legal recruitment consultancy, shows thet, on average, outside fees are 3.29 times as high for senior lawyers and 3.09 times as higb for junior lawyers.

The difference is marginal when comparing company costs with tbe lowest fees cbarged by provincial solicitors, bnt among the top commercial law firms in London the highest rates are about five times as high as a company's own costs.

The cost of taking a senior commercial lawyer on to staff, including salary, national insurance, bonuses, car and pension is £71,324 a year. The cost of employing a junior lawyer is £40,032.

The average cost of support staff for each lawyer employed is £13,442 a year, and the average cost of general overbeads for each lawyer employed is £25,136 a year, giving a total average overhead cost per employed lawyer of £38,578 a year.

The total cost of a company's employing a staff senior commercial lawyer is therefore £109,902 a year, and a junior lawyer £78,610.

Companies were asked to state bow many hours were spent by their staff lawyers on providing direct legal services to the company. The average figures were 36.83 hours a week for senior lawyera and 37.50 hours a week for junior lawyers. Senior lawyers worked an average of 47.1 weeks a year and junior lawyers 46 weeks a year.

To produce the hourly cost of a staff lawyer, the total costs were divided by the number of hours worked on providing direct legal services to tbe company. The average figures were £68.35 an hour for senior lawyers and £45.57 an bour for junior lawyers.

Companies were then asked abont the average hourly rates tbey were being charged by their outside legal advisers.

For senior lawyers in London firms, fees were typically in the region of £250 an hour, the highest figure quoted being £300 per bour. Tbe fees of senior solicitors in the provinces are typically £160 an hour, the lowest being £77.

For junior lawyers, London aolicitors' fees are typically £150-£175 an hour, the highest being £200. Junior provincial solicitors' fees were typically £120 an hour, the lowest being £65 an hour.

The average figures for outside solicitors' fees were £208.3 an bour for senior commercial lawyers and £141 an bour for junior commercial lawyars, respectively 3.29 times and 3.09 times the average hourly rate of staff lawyers employed within a company.

The Cost of Company Legal Departments. Chambers & Partners, 74 Long Lane, London EC1.

FORECASTS FOR THE UK ECONOMY

	Date	Gross domestic product		Consumer spending		Manufac-turing output		Fixed investment		Retail price inflation		Unemploy-ment in millions		Current account balance £bn		Public-sector borrowing requirement		Interest rates (3-month interbank)		Exports volume		Imports volume	
		1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991-92	1992-93	1991	1992	1991	1992	1991	1992
Treasury	Mar	-2.0	2.0	-1.8	2.2	-5.0	2.2	-8.8	-1.2	4.0	3.8	–	–	-6.0	-8.0	9.0	–	–	–	1.0	4.8	-1.5	4.8
BZW	Aug	-2.0	3.0	-1.0	3.0	-5.0	3.0	-9.0	3.0	4.1	3.5	2.3	2.7	-5.5	-7.5	12.5	17.5	10.3	10.0	1.0	4.0	-2.0	5.0
James Capel	Aug	-1.7	2.6	-1.8	2.4	-5.0	4.1	-10.4	1.2	5.8	3.9	2.4	2.9	-6.1	-6.8	9.0	13.0	11.8	10.5	-0.4	5.3	-3.9	4.4
CSFB	Aug	-1.1	2.3	-1.0	2.9	-3.2	5.0	-7.5	0.1	5.8	4.2	2.3	2.4	-8.0	-5.0	9.5	11.0	11.5	9.8	2.0	3.7	-3.0	3.3
Goldman Sachs	Jul	-2.4	1.7	-1.3	1.5	-5.1	1.4	-9.9	-2.9	4.1	3.5	2.3	2.9	-8.5	-7.4	12.0	19.0	10.0	9.5	0.5	8.2	-1.4	7.6
Hoare Govett	Aug	-1.7	2.2	-1.1	2.1	-4.3	3.3	-10.0	-1.5	3.3	4.6	2.6	2.9	-8.0	-7.5	10.0	12.0	10.5	11.0	1.7	3.3	-2.5	2.1
Lloyds	Aug	-2.5	1.3	-3.0	-1.1	-5.0	1.8	-9.4	-1.1	5.9	4.5	2.4	3.0	-6.6	-3.1	8.2	18.2	11.8	10.4	-0.3	5.3	-4.6	1.7
Midland Montagu	Aug	-3.0	0.7	-1.4	0.2	-6.0	0.5	-10.5	-2.4	5.8	3.7	2.4	3.0	-9.0	-9.0	12.0	18.0	11.3	9.2	-2.0	1.4	-2.6	1.3
Morgan Grenfell	Aug	-2.1	1.5	-1.3	1.5	-4.5	2.0	-9.9	-1.5	4.0	3.9	2.3	2.7	-6.1	-6.5	11.5	17.5	10.5	10.0	0.5	5.0	-2.5	5.2
NatWest Cap	Aug	-2.0	2.0	-0.8	1.9	-4.8	1.4	-9.5	-0.5	5.8	4.2	2.3	2.6	-6.7	-7.6	8.0	14.0	11.7	10.4	-0.2	3.6	-2.0	4.3
Shearson	Aug	-1.7	1.7	-1.0	1.3	-5.3	1.0	-9.7	-1.1	6.0	4.2	2.3	2.7	-10.0	-11.0	10.0	14.0	11.7	10.1	0.5	6.0	-2.0	5.2
UBS P&D	Jul	-1.9	1.4	-0.7	2.0	-4.3	1.5	-8.5	-1.0	5.9	4.9	2.4	3.0	-9.4	-12.3	10.3	20.0	12.1	10.7	-0.2	3.5	-2.0	4.1
Warburgs	Aug	-2.3	1.9	-1.0	1.9	-6.0	1.8	-10.5	-1.5	3.5	5.0	2.4	2.7	-6.3	-7.6	10.0	15.0	10.0	10.0	0.2	4.9	-2.4	3.9
CBI	Aug	-2.5	1.5	-1.2	1.4	-5.6	1.6	-11.4	-3.3	3.9	3.5	2.4	2.8	-5.5	-5.6	12.1	18.1	11.5	9.5	0.9	5.3	-2.7	2.7
Cambridge	Aug	-2.3	2.0	-1.7	1.4	-5.0	2.1	-10.9	0.9	5.6	4.1	2.4	2.9	-8.6	-13.1	13.2	23.2	11.8	10.0	0.5	3.7	-2.7	3.8
EEC	May	-2.2	2.1	-1.9	2.0	-5.6	1.7	-10.4	2.7	5.7	4.8	2.7	3.1	-6.2	-8.2	10.8	17.3	10.5	8.8	1.2	4.6	-1.4	5.1
Godley	Aug	-3.0	-1.0	-1.2	-0.5	-6.5	-3.0	-14.0	-10.0	5.0	3.0	2.4	3.0	-7.0	-5.0	12.5	15.0	11.5	9.5	2.0	2.0	-2.5	2.0
Henley	Aug	-1.8	2.1	0.1	2.9	-3.5	2.1	-6.9	8.3	5.9	4.2	2.3	2.6	-7.3	-7.9	9.8	9.5	11.4	10.7	0.1	5.3	-1.2	5.2
ITEM	Jun	-2.4	1.5	-1.3	1.3	-4.5	0.5	-9.5	-3.1	3.7	4.1	2.4	2.9	-9.0	-11.1	11.3	16.0	10.5	9.8	-0.8	6.5	-3.4	4.8
Lombard	Jul	-2.3	1.9	-1.5	1.5	-4.9	2.5	-12.9	-2.0	4.0	2.0	2.3	2.6	-8.7	-6.2	12.5	16.0	10.0	10.0	0.2	4.7	-4.8	3.6
LBS	Jun	-1.9	1.6	-1.2	1.7	-4.1	2.7	-6.6	-2.9	5.5	3.8	2.3	2.7	-7.5	-10.0	10.2	11.7	11.6	10.0	0.6	4.7	-2.4	3.0
NIESR	Aug	-1.9	1.7	-0.7	0.8	-4.8	1.3	-6.2	0.0	5.9	3.1	2.3	2.7	-7.0	-8.0	8.0	16.0	11.4	10.4	1.9	6.9	-3.4	3.8
OEF	Aug	-1.9	2.2	-1.0	1.5	-4.1	4.0	-6.8	0.5	5.9	4.1	2.4	2.8	-6.0	-6.8	13.8	11.4	11.9	10.3	1.0	6.1	-2.2	5.8
OECD	Aug	-1.8	1.9	-1.0	1.9	–	–	-9.4	1.0	9.0	4.5	–	–	-6.0	-7.1	–	–	–	–	-0.2	4.9	-3.2	4.7
CITY AVERAGE		-2.04	1.86	-1.27	1.63	-4.79	2.24	-9.56	-0.74	5.00	4.18	2.37	2.76	-7.18	-7.60	10.25	15.77	11.09	10.13	0.28	4.47	-2.57	4.01
ALL AVERAGE		-2.10	1.72	-1.20	1.52	-4.85	1.93	-9.81	-0.80	5.10	3.97	2.38	2.79	-7.04	-7.92	10.78	15.52	11.13	10.03	0.46	4.71	-2.84	4.03

NOTES: All items ere percentage change on one year earlier unless otherwise stated. Treasury forecasts as presented in the Financial Statement and Budget report of 1991-92. Any discrepancies may be due to rounding of figures. **GDP:** Treasury: compromise measure. LBS, CBI, National Institute use the output measure. **Retail price inflation:** OECD uses private consumption deflator. EEC has average Q4 consumer price deflator excluding poll tax. CBI, BZW, Goldman Sachs, UBS, ITEM, EEC, Hoare Govett, Warburg have Q4 figure. **Unemployment:** in millions, average over year. EEC has everage for Q4. **Interest rates:** Three-month inter-bank rate. CBI uses base rates. National Institute uses three month Treasury bills. BZW, ITEM, EEC, Warburg and Hoare Govett have Q4 figure. **PSBR:** In £bn. Henley and Cambridge Econometrics use PSBR on calendar year. A dash indicates information not available.

Economists disagree about timing of recovery

By Rachel Johnson, Economics Staff

THE UK economy is still dragging along tbe bottom, although the year-long recession – as described by economic statistics and in terms of gross domestic product – is drawing to a close, according to the Financial Times summer forecast of the UK economy.

The forecast, which draws together 23 separate forecasts from prominent university economists, independent think tanks and City investment houses, predicts that GDP will rise by no more than 1.7 per cent next year, still well below the UK's potential growth rate.

The upturn will not be felt properly for another 12 months, the forecast says - although faint stirrings of recovery will be discerned with more frequency from this quarter onwards, which leods support to the government's claim that recovery will take place this year.

The UK's productive capacity will not be operating at full stretcb until a somewhat more vigorous recovery starts in the second half of next year. Then, activity will be about 2.5 per cent to 3 per cent bigher than in the first half.

Economists disagree over the precise timing of the recovery. Crédit Suisse First Boston says it bas already started. The OECD and S.G. Warburg foresee a "modest" recovery this year, belped by increased oil production in the North Sea after a year of maintenance interruptions. Greenwell Montagu and the National Institute predict a "slow and hesitant" one in the second quarter of next year. The Henley group sees the recession dragging until a pick-up in the third quarter.

More important, economists debate which impulses will push the UK out of its year-long recession, which has been fiercer in terms of bankruptcies, insolvencies, and repossessions of mortgaged properties than the recessions of 1974-75 and 1980-81.

In the US, talk centres on an "inventory-led snap-back" fuelling growth in tha third quarter. In tha UK, economic opinion has converged towards the long-held government line that the recovery will be hastened by a growth in incomes, consumer spending and lower inflation.

In the UK – as opposed to the US – investment spending is still expected to fall on an annual basis over next year, after a hefty 10 per cent drop this year. With investment the secood biggest component of GDP, this forecast discloses the extent to whicb the government is relying on consumer spending – roughly two thirds of GDP – to end the recession.

In 1991, consumer spending is expected to fall another 1 per cent below last year'a levels, after a drop exceeding 2 per cent this year.

Spending revives quickly, to 1.5 per cent in 1992, as retail price inflation subsides to an annual rate of a projected 5 per cent by end-1991 and 4 per cent by end-1992. Lower interest rates will give an added impetus to growth, but most forecasters expect the government to cut rates by only another point to 10 per cent by 1992, witb its scope for more cuts limited by nervousness as the election, due by July, approaches.

Mr Giles Keating, economist at CSFB, is among the faw forecasters who predict that manufacturing output will pull the economy from recession. Taking a line that contradicts the Confederation of British Industry, he says factory output will rise by 5 per cent next year.

"Productivity growtb will now be very rapid, as this is a cyclical recovery phase," Mr Keating says.

The CBI argues that factory output will continue to be sluggish next year – rising only 1.6 per cent – with spare capacity and unemployment continuing to rise.

Even gloomier is Professor Wynne Godley, of King's College, Cambridge, who foresees a year-on-year drop of 3 per cent in factory output next year.

Expectations of an export-led recovery also remain atrong, althougb there are concerns thet the constraint of the European exchange-rate mechanism will curb export opportunities.

From a slight year-on-year rise of half a point in 1991, industry's export volumes are due to rise by 4.7 per cent next year.

Oxford Economic Forecasting, the Item Club, the CBI and Barclays de Zoete Wedd all forecast growth of more than 6 per cent in export volumes next year, but tbey caution that exports have been helped by the strength of the unified German economy. That has been sucking in imports at a rate that is not expected to continua wban the German economy starts to slow later this year.

The US economy, which is due to return to a trend growth rate, might offset the German slowdown. Still, BZW says, "Export growth will be modest rather than the main impulse for recovery." As a result, the current-account deficit will rise to about £8bn next year, after £7bn this year (Treasury deficit forecast is £6bn).

Professor Tim Congdon's Lombard Street Research adds the monetarist warning that the recovery will be constrained largely by weak credit demand and a standstill in the growth of the broad money aggregate M4.

MANAGEMENT

At the rear of a Delta Air Lines maintenance hangar, a gleaming white jet is under inspection. It is a disconcerting creature – freshly-painted so that its corporate logos have been obliterated, yet minus any new ones. "The ultimate generic aircraft," chuckles one employee.

This situation was not to last long. Until mid-August, the plane belonged to Pan Am, servicing its Boston-New York-Washington shuttle routes. Now, both the routes and some aircraft are being bought by Delta, one part of a much larger deal hammered out with the bankrupt seller's creditors on August 12.

Delta wanted to start operating the shuttle by September 1. So, in less than three weeks, jets had to be overhauled and painted, ticketing arrangements and advertising changed, and additional employees recruited. All, moreover, without disrupting current operations.

This is how the world's largest airline is being created – and the winds of change can be felt throughout the Atlanta headquarters. Walk through Delta's maintenance facilities, for example, and new hangars are being added. A 152,000 sq ft reservations centre is going up and there are already plans to extend its training centre, only three years old.

Pilots, meanwhile, are being recruited at a rate of 90 a month, while more than one new aircraft is being added every week.

Spurring this growth is the drive by Delta, currently number three in the industry, to switch from being a predominantly domestic airline to one with a global network – a transformation which the Pan Am deal helps hugely.

It is doing so under intense rivalry from other big US carriers, like American Airlines and United, and the rationale in all cases is the same. Domestic traffic growth has been negligible since the late-1980s, while international traffic continues to expand at double-digit rates.

But managing such change is no simple task and, for Delta in particular, one question looms large. How will a highly-prized corporate culture survive as the airline leaps to the forefront of its industry?

It would be hard to understate Delta's uniqueness, much of which centres on the famed "family" relationship between the company and its 67,000 employees. Delta personnel are among the best paid in the industry and yet, pilots aside,

Ron Allen: "When customers have choice I want them to pick Delta – but that doesn't mean we're always perfect"

Pulling together for Delta

Nikki Tait explains how the US airline plans to introduce its corporate values into Pan Am

they are not unionised.

The 65-year-old company prides itself on promotion from within, a policy which extends to the highest management ranks. (Ron Allen, its chairman, started out in the personnel department.) There is also a "no redundancy" pledge, which is remarkable given the industry's fickle fortunes.

The upshot is minimal staff turnover; flight crews have even included a few great-grandmothers. The airline, moreover, can take its pick when recruiting newcomers, with the result that over 90 per cent of its pilots arrive with previous military training.

At times, to an outsider, the philosophy seems slightly overwhelming – beards, for example, are outlawed throughout the group – but there is no doubting employees' response. When the airline hit a rough patch in 1982, they chipped in to buy Delta a new Boeing.

And it would be wrong, in a "people business" where customer service is a major sales point, to view these guiding principles as pure altruism.

For all its southern, conservative image, the airline has operated fairly astutely. Three major acquisitions – Chicago and Southern, Northeast Airlines and then Western – have givan it a comprehensive domestic network, with well-placed hubs at Atlanta, Cincinnati, Salt Lake City, Dallas, Los Angeles, and Orlando.

At the end of 1990, Delta had one of the youngest fleets in the industry and, in recent years, it has been by far the strongest carrier financially. Between 1986 and 1990, Salomon Brothers calculates that cash flow averaged 71 per cent of total debt, compared with 33 per cent for United and 27 per cent for American.

The Pan Am deal, however, opens up a different ballgame. Essentially, there are three parts to the transaction – the purchaee of the shuttle operations; of Pan Am'e remaining European assets, which include a Frankfurt hub; and about 45 per cent of a mnch-reduced Pan Am operation (with the airline's creditors owning the remainder.)

Immediate logistics aside, the shuttle element is relatively straightforward. For a start, one major rival – the Trump Shnttle, which flies identical routes – is undergoing some upheaval. Donald Trump's bankers are repossessing the carrier and handing its management to Northwest Airlines, but no dates or details for this transfer have been finalised. Secondly, some studies by Delta have also suggested that passengers liked the way Pan Am had run the service.

"The common thread was: don't change anything – it works," says Al Kolakowski, Delta's vice-president of marketing. "Basically we'll mirror what Pan Am has been doing, only put a Delta brand on it."

The European assets are another matter. From an operational viewpoint, most analysts are enthusiastic. The rontes will significantly enlarge Delta'e international network which, in 1990, prodnced only $1bn out of its $8.5bn revenues. Pan Am flies to around 40 Transatlantic destinations, including a number in Asia, and also possesses a "significant" nnmber of the rights to fly certain routes which it is not currently using.

Moreover, an expanded presence at Kennedy airport will he extremely beneficial. As Ron Allen points out: "We'd seen more and more of the need for a gateway ont of the North-East – and New York was obviously the best." On the other hand, analysts generally agree that Delta's vastly superior domestic network will mean that it can feed the European routes more efficiently, transforming their profitability. "The question is mass," comments Paul Turk, analyst with the Avmark aviation consultancy, "and they have achieved that."

But, in management terms, there are potential hurdles. For a start, Delta will also take on 6,600 Pan Am employees, who come from a different culture – far more internationally-minded, and unionised.

The buyer has the advantage that its own pay rates are higher – an average 22 per cent differential for US staff, according to Maurice Worth, vice-president of personnel – and there will be a three-year pariod during which ex-Pan Am employees climb up to Delta scale.

Delta's own excellent labour relations, moreover, seem to have stood the carrier in good stead so far. "It's like day and night," comments the Pan Am flight attendants' union, comparing its experience in the Delta deal with the complications which followed United's purchase of Pan Am's Heathrow routes earlier this year.

But even Delta acknowledges that extending its "family" philosophy to employees in non-US bases may be tricky. One solution is to form "spirit teams", made up of Delta volunteers, who would visit major European locations and simply chat, without management supervision. The scheme, it claims, reaped dividends in the merger with Western.

The airline concedes, too, that – since it is not buying Pan Am's 747s – it will be constrained initially by aircraft capacity. A realignment of Delta's entire European network is still being planned, with a view to a possible November 1 start date. But, at this moment, Kolakowski predicts that Delta may actually back out of some Pan Am markets, although frequencies may be increased in others.

Meanwhile, on the marketing front, there is the simple problem of "brand identity". "When we start getting into Ankara or Bombay, our name is not exactly a household word," says Kolakowski candidly. "So I think the launch ads are trying to find a way to link Pan Am with Delta, and capitalise on both."

But perhaps the element in the Pan Am deal that worries analysts most is the stake which Delta will take in the "reorganised" Pan Am, the much-reduced operation running the Latin American/Caribbean routes from a Miami hub.

For example, Standard & Poors, the rating agency, has suggested that the European benefits may be "more than offset by the scale of assumed liabilities and the investment in a still struggling Pan Am".

The concerns are twofold: Delta's financial exposure and the amount of time and effort which may be diverted to a potentially troublesome investment. From a financial viewpoint, the Pan Am deal was complicated; Delta's cash outlay was $621m – $416m for the European/Shnttle assets and $200m for shares and notes in Pan Am. But it also agreed to assume various liabilities.

Tom Roeck, Delta's finance director, claims that the real cost of the transaction, in terms of additional Pan Am liabilities, is $526m – a figure he derives from a fairly persuasive set of additions and subtractions, but which varies significantly from the numbers given in the bankruptcy court. (For example, Delta has promised to assume up to $100m-worth of Pan Am ticket liabilities, hut Roeck suggests that the actual cost of this may be nearer $40m.)

The net result, he argues, will be to increase Delta's debt-to-equity ratio of around 45:55 at end-June, to a pro forma 52:48. In airline industry terms, that is eminently respectable.

But some analysts worry that the expenditure will not stop there. On the plus side, Pan Am's Latin American routes are traditionally profitable, and projections given to creditors have suggested an $83m profit by 1995; the company has some $300m-worth of tax losses to carry forward; and Roeck claims that the business will be fairly well-capitalised with a 50:50 debt-to-equity ratio (excluding capital leases) by year two.

On the minus side, American, a big rival, has already stepped up the competition by announcing a 27 per cent increase in its own flight capacity in the region. And Kolakowski acknowledges that Delta will input into matters like ground handling, advertising, contract services and so on – despite Pan Am's separate management. "Delta's going to have a major stake in this company, so it's going to do whatever it takes to support it," he comments.

Bnt, at the end of the day, perhaps the hardest qnestion is whether success itself could bring problems. Could international size dull some of Delta's individuality? Might consolidation in the industry create flack from customers if rock-bottom fares disappear?

In the throes of far more immediate concerns, Allen concedes the possibility. "We have to be sensitive to that," he says simply. "When customers have choice I want them to pick Delta – but that doesn't mean we're always perfect."

And, as it battles for European customers in competition with brasher rivals, such engaging modesty may yet be Delta's strongest suit.

If change is inevitable

By Simon Holberton

DEATH AND taxes were said to be the only two certainties in life. To that truism can now be added a third: change.

Change is the leitmotif of just abont everything being written nowadays for managers abont management. The sensation of change is daily reinforced with developments as far-reaching as the Gulf War and the collapse of communism in the Soviet union.

As J B M Kassarjian, a visiting professor at the IMD business school, points ont, the critical issue for companies today is how to develop managers capable of responding to rapid changes in the business environment – an environment characterised by shortening prodnct life cyclee and development times, changing market structures and changing patterns of distribution.

To cope with these developments Kassarjian says companies need to create leader-managers: executives capable of mastering the unfamiliar and leading change from within. He pooh-poohs some current fads. Rejecting hierarchical controls for participative management is insufficient; calls for entrepreneurial initiative denies the need for organisational coherence; and, empowerment is just a fad becanse real self-confidence follows achievement.

Managers can acquire the art of leading change. Companies onght to delve within their organisations for managers capable of learning. Kassarjian snggests two ways.

First, scont for talent. Companies onght to be sensitive to those junior executives who show initiative and good judgment. The hard part is getting existing senior managers to sbare information. The chief executive ehould encourage the sharing of short-lists.

The other way is learning through provocation. Learning starts by living through novel and demanding situations. Challenge is always nnsettling; stretching requires effort; integration begins with a deep sense of achievement and "continnes to resonate in future challenges."

Jolt your managers out of their comfortable groove – they may learn to lead change. Perspectives for Managers, IMD, PO Box 915, CH-1001 Lausanne, Switzerland. Fax: 41-21-266 725

APPOINTMENTS

Abbey National finance director

■ Ms Gwen Batchelor (*pictured*) has been appointed finance director for ABBEY NATIONAL TREASURY SERVICES, responsible for Abbey National's wholesale market and leasing operations. She was managing consultant for Price Waterhouse's treasury practice.

■ Mr Tim Ambler has been appointed a non-executive director of THE WOLVERHAMPTON & DUDLEY BREWERIES. He is currently a research fellow at the London Business School, and was previously joint managing director of IDV, wines and spirits division of Grand Metropolitan.

■ Mr Alex Hammond-Chambers, chairman, retires from the board of IVORY & SIME, Edinburgh, at the end of this year. He will be succeeded by Mr David Newbigging, deputy chairman, who is also chairman of Rentokil.

■ CLEVELAND STRUCTURAL ENGINEERING, Darlington, part of the construction division of Trafalgar House, has appointed Mr Jeremy Beeton as managing director from November.

■ HORWICH CASTINGS, Bolton, the former British Railways foundry, has appointed Mr Philip Kenyon Thomas (*pictured*) as financial director. He joins the management buy-out team which took the foundry from administration last February. He was group financial director for Hopkinsons Holdings from 1983-88, and has since been a consultant.

CONSTRUCTION CONTRACTS

£37.3m South Wales M4 link

AMEY CONSTRUCTION has been awarded a 30 month contract worth £37.3m by the Welsh Office for the M4 Bryn-glas tunnels and the A4042 Malpas inner relief road.

The works, located at Newport, Gwent, consist of some 5.4 km of new dual two lane section of the A4042 Newport-Gwent road (the Malpas inner relief road) and one kilometre as slip roads and access roads to the M4, which is widened to three lanes.

The construction includes 27 new major structures, together with culverts, gantries - there are extensive traffic management structures - and earthworks with lightweight fills.

Major structures include two RC post-tensioned box section viaducts of 11 spans across the River Usk and one viaduct which crosses the M4 motorway. A similar dual span structure is being built on the southern part of the A4042.

A further 20 span RC viaduct, 225 metres long, varying in width from 20 metres to 40 metres will connect with the Harlequin viaduct and roundabout.

The structures involve extensive piling operations with contiguous piled retaining walls.

The consulting engineers are Sir Owen William and Partners.

Resort hotel development in Thailand

The building contractor JOHN LAING INTERNATIONAL has been awarded the company's first two contracts in Thailand.

As part of the Thailand operation, JLI has formed a joint venture with Pairoj & Associates, a Thai development and consultancy company.

The new company, John Laing P&A, has won the construction management contract for a £12m three-storey 175 room Sheraton Resort Hotel on Thailand's eastern seaboard near the town of Ban Chang, south of Pattaya.

The project is currently at design stage and construction is scheduled to start at the beginning of next year with completion in the last quarter of 1993.

John Laing P&A has also won a consultancy contract for provision and installation of medical equipment for the new £8m Sikarin hospital in Bangkok.

Laing Scotland, part of John Laing Construction, has been awarded a contract worth about £1.3m by Imperial Tobacco to refurbish its offices in East Kilbride. The warehouse will also be refurbished and new security services installed to cover the site perimeter.

Improving the North Circular Road

WILLETT and CEMENTATION CONSTRUCTION, the regional building and civil engineering companies in the construction division of Trafalgar House, have recently won contracts worth over £12m.

Brent Council's development department has awarded Cementation a £3m contract for the reconstruction of the A406 North Circular Road between Neasden and Staples Corner. The project will involve complete reconstruction of the east and west bound carriageways together with central reservation fencing and associated drainage.

Work will be carried out whilst maintaining traffic flow in the region of 100,000 vehicles a day.

Cementation has also been awarded a £3.15m contract by Government Communications Headquarters, Cheltenham, for the design and construction of a generator house and tank farm.

In Canterbury, Willett has received a contract to build a business school worth £1.9m for the University of Kent which will include a lecture theatre within the overall internal floor area of 1,606 sq metres.

At the Southmead Hospital in Bristol an elderly and acute mental illness unit with accommodation for 72 patients is being built under a £3.89m contract awarded to Willett by the Southmead Health Authority.

Greek pharmaceutical plant scheme

MDA HELLAS (SA) has been appointed by Glaxo's Greek company as project manager for a major extension, costing between £7m and £8m, to its premises at Kryoneri, near Athens in Greece.

The total area of new development is estimated at 13,000 sq metres and will include an office block, the extension of the warehouse, a distribution depot, laboratories and factory offices, a canteen and the refurbishment of production facilities. Construction is expected to start towards the end of 1991.

MDA Hellas (SA) is part of the MDA Group International, which is based in Athens.

New facilities for Exeter newspaper

A £3.6m contract to design and construct premises for Exeter's Express and Echo newspaper has just been awarded to a Bristol-based company, JT DESIGN BUILD, by the Western Times Company. The new premises are part of a £9.5m redevelopment programme being undertaken by the Express and Echo, which also includes a colour press and other new production and publishing equipment.

The 60-week contract involves the construction of a printing plant and associated office accommodation to house 200 employees at Sowton Business Park on the outskirts of Exeter. The newspaper is to move from its existing offices - although it will still have an office in the city centre.

Retailing development in Nottingham

HALL & TAWSE GROUP, the construction arm of Raine Industries, has received orders worth £22m.

Hall & Tawse Eastern has been awarded a £4m contract to construct 120,500 sq ft of retail space for Boots Properties in Nottingham.

Other new work won by the East Midlands regional company includes a £2.2m contract for extensive ground works for a new research centre and offices for British Gas at Loughborough and £3m worth of refurbishment projects throughout the region including a major facelift for a Grade II listed building in Burton-on-Trent for Hermitage Park Hotels.

Hall & Tawse Scotland has won £13m worth of new contracts throughout the region. They include a £3.4m contract to build extensions to Perth Grammar School for Tayside Regional Council; a £1m contract from Aberdeen Harbour Board for the construction of a multi-level car park; work totalling nearly £1m for Macallan-Glenlivet to create two bonds in an existing warehouse at its Craigellachie distillery and several housing partnership contracts throughout Scotland to provide lowcost homes in the region's most depressed areas.

Hall & Tawse Western's new workload includes a £250,000 contract to construct a grandstand at Hednesford raceway in Staffordshire for the Cannock Chase District Council ready for the world championship formula one stock car meeting due to be held there in September.

Relief road

The BIRSE GROUP's recently-opened regional office in Cardiff has won contracts worth over £30m. The projects include the £15m Lower Rhymney Valley relief road for Mid-Glamorgan County Council, a large infrastructure and superstore development at Torquay for £14m and an extension to Evercreech Sewage Treatment Works at Glastonbury in Somerset for £450,000.

Landscaping works will be undertaken for Cardiff Bay Development Corporation at Landsea Gardens for £300,000 and a distribution warehouse worth £300,000 will be built in Cardiff for Whites of Warrington.

Euro Disneyland

QUILIGOTTI, the terrazzo tile manufacturer, has won two flooring contracts for the Euro Disneyland theme park near Paris.

The first contract, worth £450,000, is to lay the floor in the "Videopolis" building, which forms part of Discoveryland, one of the five principal areas of "lands" at the Eurodisneyland theme park.

The work is believed to be one of the most intricate terrazzo floors ever installed and will include some 10,000 individually cut tiles in 11 different colours. The project will involve a 10 week on site installation programme.

The second contract is for the floor of the main ticket area situated at the main entrance to Euro Disneyland. It is estimated that 11m people each year will pass across the floor to enter Euro Disney.

Channel Tunnel

The precision engineering division of LYDNEY PRODUCTS has been awarded contracts worth £1.5m for the manufacture and supply of floors and internal partitions to the Trans Manche Super Train, which will operate passenger services through the Channel Tunnel. The performance specification for both floors and internal positions have been dictated by passenger safety considerations during the 30 minute journey through the tunnel.

Roadworks

HT CONSTRUCTION, UK subsidiary of Hochtief AG, has won the £2.2m contract for the Old Kent Road improvement scheme for the London Borongb of Southwark. The scheme involves improving the road and consequently traffic flows.

CONRACTS & TENDERS

NON PUBLIC PROCEDURE INVITATION FOR PREQUALIFICATION

The project director of the Westerscheide-Oeververbinding WOV (Western Scheldt cross-river connection) invites candidates to prequalify for the design and construction of a permanent cross-river connection over/under the Western Scheldt, together with approach routes.

1. Name, address, telephone number, telex number and fax number of the contracting body:

Provincie Zeeland - Directie Milieu en Waterstaat,
Projectdirecteur Westerschelde-Oeververbinding,
Het Groene Woud 1, P.O. Box 165,
4330 AD Middelburg, The Netherlands
Telephone+31 (0) 1180-31700, Telex 37881, Telefax +31 (0) 1180-34756

2. a. Method of contracting

The procedure will take place in the following stages:

I. registration for prequalification of candidates for a design, the construction (register before 19 October 1991).
II. *the selection of a maximum of 5 candidates on the basis of selection criteria (end 1991/beginning 1992).*
III. the drawing up of a design and the making of a price quotation for the possible construction, by the selected candidates (maximum 9 months).
IV. evaluation of designs and price quotations (second half 1992).
V. description of the States General of the Province of Zeeland for the construction or otherwise of the project (if possible end 1992).
VI. If decision for construction is positive; contract for construction.

This advertisement covers stages I and II.

Selected candidates will receive a remuneration. The method of payment and thesize of this remuneration, together with the criteria which the designs must fulfil, will be indicated in the leader documents to be sent the selected candidates.
Upon payment of this remuneration, the government shall become the legal owner of the (part designs, and may use them as they see fit.

b. Type of assignment for which this invitation to tender is being made.
After pre-selection, assignment for the drawing up of a design for the WOV, and the making of a price quotation for the implementation of the WOV. For this assignment, contracts shall be closed with the selected candidates.
In the case of a positive decision on implementation: to be followed by a design and construction contract for one of the candidates.

3. a. Place of construction:

On 1 March 1991, the States General of the Province of Zeeland decided on the location of the route for the WOV.
On 7 March 1991, the Dutch Minister for Transport and Public Works agreed with this proposed route.
The route, outside the dyke, is in the Province of Zeeland in the Netherlands, between a point just to the west of the lock complex at Terneuzen in Zeeuwsch-Vlaanderen (Municipality of Terneuzen), and a point to the west of Ellewoutsdijk on Zuid-Beveland (Municipality of Borsele). The chosen route also includes connection witht he existing road network.

b. Type and scale of the services, general information on the project:

The project concerns the drawing up of a design, and the making of a price quotation for the possible construction of a cross-river connection over or under the Western Scheldt, between Zeeuwsch-Vlaanderen and Zuid-Beveland, together with approach roads (Westerschelde Oeververbinding - WOV).

The connection should consist of a tunnel below the main shipping channel of the Westerschelde - de Pas van Terneuzen - and a bridge or tunnel over or under the secondary shipping channel, the Everingen.
The total length of the tunnel beneath the main shipping channel is approximately 1,800 metres; the dam sections situated outside the dykes have respective lenghts of 500 metres and 2000 metres; the lenght of the connection over or under the secondary shipping channel is approximately 2100 metres. The length of the approach road is, on the north side of the Western Scheldt approximately 900 metres, and on the south side approximately 2500 metres.

c. The aim of the project is the constructin of a permanent cross-river connection over and under the Western Scheldt, for regional and interregional traffic, with approach roads.

In this connection, the activities currently include:

- the *drawing up of an integrated basic design with specifications,* on *the basis of functional limiting conditions,* to be *placed at the disposal of the candidate;*
- drawing up of a plan of action, and a timetable;
- making a price quotation for the construction, including detailing of the design, and the quality control system;
- making a maintenance plan, and a cost estimate.

4. Possible implementation timetable:

For the completion of an integrated basic design and quotation, a period of nine months is available.
The construction time is estimated by the contracting body at approximately 5 years.
For the planning procedures and land purchase, it is estimated that 3 years will be necessary, from today.

5. As necessary, the legal from of the combination of contractors to which the contract is granted must be :
A company or a combination of companies may register as a candidate. In the case of a combination, the companies within the combination must be named. Each company may only register once, either individually, or in a combination.

6. a. Closing date for the receipt of Applications for participation:

Registration as a candidate for pre-selection must occur before 18.00 hours, on 18 October 1991.

b. Address to which application must be sent:

Reference: Westerschelde-Oeververbinding, Address and body as mentioned under point 1.

c. Language or languages in which the application must be written:

Registration as a candidate should occur in writing in the Dutch language.

7. Final date for the sending of invitations to tender:

The province of Iceland shall invite the selected *candidates, after pre-selection, at the end of 1991/beginning of 1992 to draw up a design, and* make a price quotation.

8. As necessary, the required guarantee sums and guarantees:

When the contract for the drawing up of a design and the making of a price quotation is issued, after pre-selection, the selecting organisation will indiate the guarantee sums and guarantees required in the case of a construction contract.

9. Most important regulations for financing and payment and /or reference to the texts in which these will be laid down:
Financing and operating methods of the project are being investigated separately.

10. Details of the situation of the contractor, together with economic and technical minimum requirements which the contractor must fulfil.
During registration for pre-selection, the candidates must provide the following details:

a. Information showing that the candidate has been active, over the last 10 years, in the design and construction of large scale infrastructure projects, with a tender sum or invoiced sum of Dfl. 0.5 to Dfl. 1 billion, with an indication for each project of:
- the company in question's share in
  - design and construction work
  - *financial involvement*
- date of contract awarding and contract completion
- name and address of contracting organisation and management,

b. Information showing that the candidate has sufficient financial backing, e.g. annual reports for the last 3 financial years, showing balance and profit and loss accounts

c. Information showing that the candidate can provide sufficient quality (in the fields of management, design and construction) necessary for a project of this type.
Should the contracting body deem such necessary, further information concerning those matters laid down in articles 23,24, 25, 26 and 27 of the Directive of the Council of the European Communities concerning the coordination or the placing of government contracts for th implementation of projects (as revised in Dvrective 89/440/EEC of 18 July 1989), shall be requested.

11. Criteria applicable for granting of the contract, insofar as they arenot already included

The matters dealt with here concern pre-selection: companies may be considered for the contract for the drawing up of a dsign and the *making of a price quotation, if it can be shown that they fulfil the following criteria:*

- the criteria laid down under point 10;
- experience, technical and organisational capability in connection with design and construction (e.g. in large scale infrastructure projects);
- financial backing including bank guarantee for a maximum of 5% of the contract sum;
- quality of work already carried out and references from customers;
- quality control system according to Dutch standard NEN ISO 9000, and experience of working with this standard;
- organisation of the company or the combination, and the past experience of the company or the combination
- the size to projects already carried out;
- availability of a good (project) support organisation, with a view to guaranteeing the undisturbed advancement of the project, even under unforseen circumstances;
- indicated lines of decision, and proven decision-taking ability;
- legal form of the company or the combinatin, indicating the liable companies;
- experience of projects in tidal waters;
- completeness of information.

A maximum of 5 candidates will be invited.

Participation in the pre-selection automatically indicates the candidates approval of the selection procedure, and the criteria There shall be no correspondicen concerning the pre-selection, and the results thereof.

12. Further information

Further information can be obtained from the contracting body, at the address indicated under point 1.

For further information, the following Dutch language documents are available:

- Tracenota/Milieu-effectrapportage Westerschelde-Oeververbinding
  Bill concerning the route/environmental effects: report. Western Scheldt cross-river connection)
- Proposal to the States General of the Province of Zeeland for the laying down of the route
- *Situation and general length profile*

The documentation can be requested from the contracting body, at the address indicated under point 1.

After pre-selection, the selected candidates will receive a tender file, containing Bills and documents, concerning:

- limiting conditions
- basic information together with relevant documents
- preliminary design including drawings
- implementation material
- final route with justification
- contractual obligations to be met.

the above named project director,
T.G. van der Meer

het groene woud 1, p.o. box 165, 4330 ad middelburg, the netherlands, telephone+ 31(0)1180-31700

For the prescribed terms prevails the publication in the Official Journal of The European Community of 18 August 1991

LEGAL NOTICES

No. 007592 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

MR REGISTRAR PIMM

IN THE MATTER OF HALVANON INSURANCE COMPANY LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated 8th July 1991 the Court has directed a Meeting of the creditors whose claims arise from transactions entered into with the London Office of the above-named Company (the "London Business Creditors" as defined in the Scheme of Arrangement hereinafter mentioned) to be convened for the purpose of *considering and if thought fit approving* (with or without modification) a Scheme of Arrangement proposed to be made between the said Company and its creditors and that such Meeting will be held at the Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY, England on 23rd October 1991 at 10.30 o'clock in the forenoon at which place and time all the aforesaid London Business Creditors are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement, Form of Proxy and copies of the Statement required to be furnished pursuant to Section 426 of the above-mentioned Act at the office of the undermentioned Solicitors at the address mentioned below, the Company's UK registered office at Shelley House, 3 Noble Street, London EC2V 7DQ and at the Company's Israeli registered office at 20 Mazah Street, Tel Aviv, 6523 during usual business hours on any day (other than a Saturday or Sunday) prior to the day appointed for the said Meeting.

The said London Business Creditors may vote in person at the said Meeting or they may appoint another person, whether a London Business Creditor or not, as their proxy to attend and vote in their stead

It is requested that forms appointing proxies be lodged with the Company's English Joint Liquidators at their office situated at Shelley House, 3 Noble Street, London EC2V 7DQ, England ref: SH605 not less than 48 hours before the time appointed for the said Meeting, but if forms are not so lodged they may be handed to the Chairman at the said Meeting

By the said Order the Court has appointed Malcolm John London or failing him Gerhard Adolf Weiss or failing both of them, Philip John Singer (all of the aforesaid Shelley House) to act as Chairman of the said Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 30th day of August 1991.

D J Freeman
43 Fetter Lane
London EC4A 1NA

Solicitors for the Liquidators

HOMES OF WORTH LIMITED

Registered number:02088871
Nature of business:Property Developer
Trade classification:23
Date of appointment of joint administrative receivers:12 July 1991
Name of person appointing the joint administrative receivers:Midland Bank plc
JOHN FREDERICK POWELL and IAN NAPIER CARRUTHERS Joint Administrative Receivers.(Office holder nos 249 and 614) of
Cork Gully,
43 Temple Row,
Birmingham.
B2 5JT.

CLEARMARK GROUP plc
(REGISTERED No: 1091386)

Nature of business: Leisure Products
Trade classification: Leisure Products
Date of Appointment of Administrative Receivers. 21st August 1991
Name of person appointing the administrative receivers: National Westminster Bank *Plc and Royal Bank of Scotland Plc*
Joint Administrative Receivers. Richard Charles Turton and Joseph Beaumont Atkinson. (Office Holder Nos. 2921 and 1060) of Touche Ross and Co., Newater House,
11 Newhall Street,
Birmingham B3 3NY

RENTALS

CONTRACTS & TENDERS

PROCUREMENT NOTICE
"INVITATION TO PREQUALIFICATION"

In the name and on behalf of Ministry of Transport, Communication and Water Management of the Hungarian Republic
the MOTORWAY DIRECTORATE issues an INVITATION to participate in the INTERNATIONAL PREQUALIFICATION PROCEDURE

The purpose of this procedure is to select organisations, consortia and companies which are able by way of a CONCESSION to finance using their own funds, to construct, operate and maintain the four-lane stretches of

- M1 MOTORWAY (between section 129, 3-171, 7 km) and
- M15 MOTORWAY (between section 0, 0-14, 5 km)

according to the terms of a negotiated and mutually agreed contract.

Before issuing the Tender Documentation the Motorway Directorate will allow the Ministry to get to know the organisation, financial resources and capabilities of the Applicant, as well as its previous and on-going similar projects.

The prequalified Applicants will be invited to participate and to submit a Tender for Concession.

Preliminary information - regarding the prequalification - and forms of "REQUEST FOR QUALIFICATION" (RFQ) may be obtained at the address below, between 10:00 and 15:00 hours on workdays from Monday, 16th September 1991 against a receipt of payment of USD 2000, - (two thousand USD) or equivalent in other convertible currency. Remittances are to be made to the account of Motorway Directorate No: 214-13744-7007 kept in the OKHB "Országos Kereskedelmi és Hitelbank" H-1052 Budapest V., Károly körút 20.

MOTORWAY DIRECTORATE, BUREAU FOR MOTORWAYS IN CONCESSION
H-1024 Budapest II., Fenyes Elek u. 7-13
Attention: Dr TIMAR, Andras
Phone: (36-1) 202-1605 Telex: 22-6051, 22-4088 Fax: (36-1)175-8485

The signed forms completed in English of RFQ should be directed to the same address, not later, than 16:00 hours (local time) Friday, 15th of November 1991

Within 90 days after the expiry of the submission date the Applicants will be notified about the PQ review Committee's decision.
This decision will be final.
Budapest, September 1991

MOTORWAY DIRECTORATE

THE CROWN ESTATE

THE CROWN ESTATE COMMISSIONERS
Tenders Invited

The Crown Estate Commissioners seek tenders for a *Production Licence to dredge sand* and gravel from Area 213 off the Isle of Wight. Licence will be granted for a period of five years and will allow for a Maximum Permitted Extraction from Area 213 of five million tonnes over the five year period.

Tenderers are invited to submit their bids for the whole of any part of the Maximum Permitted Tonnage (1 million tonnes per annum) based on the Invitation to Tender, Form of Tender and Licence which may be obtained from the Crown Estate Commissioners, *Marine Estates,* Crown Estate Office, 13-16 Carlton House Terrace, London SW1Y 5AH (Phone: 071-210 4314) where maps showing the location of Area 213 may be inspected.

Tenders must be received by 16:00 hours on Monday 14th October 1991.

The Crown Estate Commissioners do not bind themselves to accept the highest or any other tender.

All enquiries concerning the Invitation to Tender, Form of Tender and Licence should be directed to Dr A J Murray Marine Estates, at the above address.

PETROLEOS MEXICANOS
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Petroleos Mexicanos, the Mexican National Oil Agency invites all interested parties to bid for supplying in a "Full Turn Key" (modified) contract for a 150,000 MT/Y Methanol Plant.

Information related to this project is available from:

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Giselle

EDINBURGH PLAYHOUSE

The Berlin Ballet's second festival offering was *Giselle*, in a new staging by Peter Schaufuss, director of the company. The production is a visual delight. Desmond Healey has created exquisite, painterly sets – a village lost in the depths of the countryside for Act 1; a forest of brooding magic for Act 2 – which provide an ideal location for this jewel of Romanticism. (It is typical of the inept theatre programmes I have seen at this year's festival that information about the design is omitted; that there are various other printed inadequacies is unsurprising.)

Schaufuss presents the traditional choreographic text with care. His innovations are few, and significant only in the second act, where he commences the action by showing Giselle's burial by night, and at the very last reinstates the original (Paris, 1841) ending by bringing on Bathilde and Wilfrid to lead Albrecht back to the real world. That Albrecht then remains kneeling in prayer in the forest seems unnecessarily ambiguous: unlike James in *La Sylphide*, this High Romantic hero escapes dangerous fantasy to return to life.

The staging is elsewhere responsive to tradition. If it has a tendency to fuss – every character in the village is named, which seems an excess of dramatic zeal – the compensations come with the lively integration of the dancers into the narrative. The dramatic playing, like the dancing, is alert, bright in impulse. I deplore, though, Giselle showing her hands spattered with blood after she has stabbed herself: such verismo breaks the conventions of the ballet.

Schaufuss' bold decision for the first *Giselle* of the visit, on Friday night, was to cast the very young Lisa Cullum as the heroine. The programme, of course, provided no information at all, but I gather that Miss Cullum is eighteen years old. She looks even younger, and the child-like innocence and fragility of her presence (she resembles Evelyne Desutter in delicacy of physique) bring a sweet credibility to her initial appearance. But she is still an apprentice Giselle. Her natural gifts – lightness, a gentle absorption in dramatic playing – allow her to make a touching first sketch of an interpretation. The greater and grander implications of the role – in technique and emotion – can only come with experience and with coaching.

Her Albrecht, Bart de Block, gave a reading of good intentions and clean outline, albeit the fervours and fevers of Romanticism seemed pale. The Northern Sinfonia under Peter Ernst Lassen played very well, except for one fudged moment.

Clement Crisp

Nash's Symphony

ROYAL ALBERT HALL, RADIO 3

The BBC Symphony Orchestra's Prom on Friday, conducted by Peter Eötvös, ended with one of the masterpieces of contemporary orchestral music, Birtwistle's *Earth Dances*, in a performance that was recorded by Collins Classics for future release on compact disc. But the evening began with the premiere of a BBC commission: Peter Paul Nash's symphony is the 41-year-old composer's most ambitious score to date, a densely argued two-part structure that operates on multiple musical and programmatic layers.

Nash describes his symphony as a musical narration of a pre-existing story; though he has not disclosed the specific details, he has admitted it concerns a poet, an impresario and a destructive woman who comes between them. There have been many operas written on flimsier plots, and Nash packs all the emotions and drama of his scenario into a bare 25 minutes. The two parts are overlaid with a four-movement symphonic plan, with the first movement ending in a token scherzo, and the highly wrought slow movement flowing into the finale, which reaches a catastrophic climax in the final bars.

If it all sounds just a little cluttered, the working-out of Nash's scheme does sometimes try to cram in too much. There are some arresting images: piled up brass and string tremolandi which suggest Sibelius lurking in the background (and perhaps by extension symphonic Maxwell Davies too), angular woodwind figuration alongside kernels of romantic melody, all reinforcing the pluralism of Nash's style. Only in the last section, when the music gets down to the emotional nitty-gritty, does it gain the directness the symphony seems to be seeking, and which the preceding music just manages to blur.

★

Thursday's Prom given by the Philharmonia under Vladimir Ashkenazy was remarkable for two things: a performance of Tippett's Concerto for Double String Orchestra that was so leaden-footed, so comprehensively wide of the mark in conveying the spirit of Tippett's rhythms that one wondered what had led Ashkenazy to contemplate it in the first place, and the dashing Proms debut of the young American violinist Kurt Nikkanen. He compelled attention in Glazunov's concerto from the very opening bars, tempering its sweet-toothed lyricism with musical intelligence and forcefulness. On this evidence there is certainly much more to Nikkanen than gorgeous tone and a superlative technique.

Andrew Clements

Radio 3 season of Japanese culture

More than 100 programmes will be broadcast during Radio 3's Japan season in October, which will go out as part of the biggest festival of Japanese arts and culture ever staged outside the country.

The Radio 3 season will feature music, drama and documentaries every day for four weeks, aimed at complementing the nationwide Japan Festival.

The *Sunday Play* slots will be entirely devoted to recent Japanese dramas, most of them receiving their British premiers and all of them specially translated or adapted for radio from stage work.

There will be two documentaries on Japanese culture each week and other documentaries will cover politics, the Japanese economy, science and crime.

The regular *Table Talk* series on Sunday lunchtimes will feature four programmes on Japanese food.

Billy Budd

COLISEUM

Devastating, shattering, overwhelming: the adjectives, inadequate to the revival of Britten's opera at the ENO, may at least suggest its enormous impact. The 1988 Tim Albery production returns in the wake of Albery's no less electrifying *Peter Grimes*, which ended last season's ENO conspectus of 20th century opera. This *Budd* makes it clear beyond all possible argument that the work is one of the greatest – and most deeply troubling – of our day.

As happened last season with Shostakovich's *Lady Macbeth of Mtsensk*, an ENO staging already admired – albeit with reservations – when new is then revived with its powers so greatly increased that reservations shrivel away to nothingness. For one thing, the music, again conducted by David Atherton, takes possession of the large auditorium in a way that seizes every listener by the throat. Mr Atherton's ability to judge the dramatic impact of huge brass volleys and subtle woodwind colour-flashes, choral cries (the ENO chorus on mighty form) and single-strand vocal whispers, is absolutely masterly.

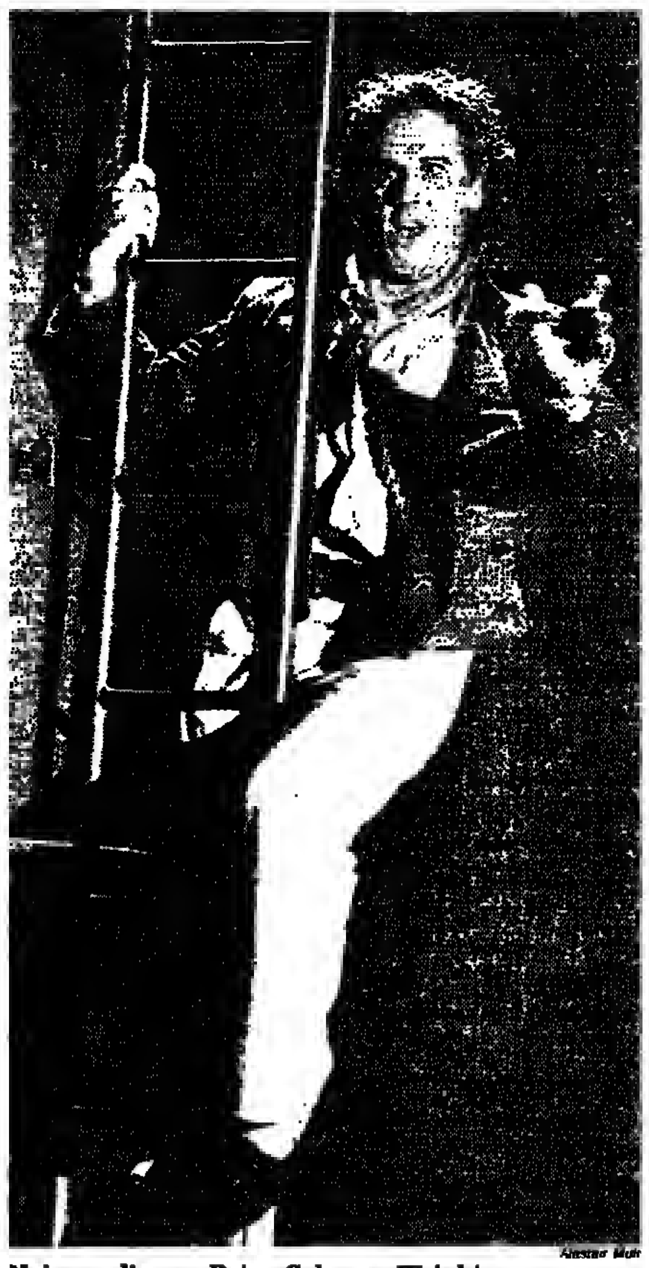
Like the production, the conducting possesses not an ounce of spare fat; but its poetic intensity is the more startling for the leanness. Albery has not flinched from the terrible pessimism that underlies the vision of Britten and his librettists Forster and Crozier: this is a grim, grey slave-ship, and all who sail in it are implicated in its "political" structure. In a way, he has strengthened the pessimism, by presenting Captain Vere as a guilt-ridden ghostly revenant to Billy's execution, and so explicitly denying him the Christian comfort which the epilogue seeks to extract.

If this is a "partial" view of the opera, it is a confident, clear-minded one – and played with such concentrated brilliance that, while one watches, it seems the only possible kind of *Budd*. The cast are at one with producer and conductor, a magnificent ensemble whose every player deserves mention. The newcomers (notably David Wilson-Johnson as Mr Redburn, Paul Napier-Burrows as Mr Flint, and Richard Halton as the Novice's friend) seem old hands, and the old hands (notably John Connell's quietly noble Dansker, Barry Banks's horribly moving Novice) seem fresh.

Peter Coleman-Wright, inheriting the title role from the unforgotten Thomas Allen, scores with his youth, vocal vigour, and a quality of naive radiance that steers the character clear of all archness. Richard Van Allan's Claggart, not in strongest voice, etches an even more haggard, psychologically rounded portrayal; but above all towers the Vere of Philip Langridge. He does not shirk the ambiguity at the root of the character nor the agony of Vere's betrayal of Billy at the root of the opera; and he sings with a combination of musical and verbal sensitivity seldom encountered on any stage.

His is one of the supreme operatic achievements of our day. As, indeed, is the production.

Max Loppert



Alastair Muir

Naive radiance: Peter Coleman-Wright

ARCHITECTURE

The sorry saga of Spitalfields

The story of Spitalfields is a long running saga, but one that looks as though it is at last nearing resolution. Now that the fruit and vegetable market has moved to Temple Mills in Waltham Forest, there can be no doubt about the need to begin the careful transformation of this part of the City of London's eastern fringes. The site that is to be redeveloped is some 12½ acres, lying mostly within Tower Hamlets, but with valuable frontage at its western end on Bishopsgate. This part of the scheme almost faces the eastern edge of the giant Broadgate development.

The Broadgate buildings in Bishopsgate are giants in every way. Designed by architects Skidmore Owings and Merrill, they have an extraordinary scale and dominance. At street level they are well finished and detailed. They look almost as though they were on some glossy stretch of Michigan Avenue in Chicago. Stylistically, they pose something of a problem. They resemble nothing as much as Ceausescu's palace in Bucharest. They will be the closest neighbours and commercial rivals in Bishopsgate to whatever rises on that edge of the Spitalfields development. It has to be hoped that they will not dictate the scale of the entire neighbourhood.

The 12½ acres that are poised to be redeveloped consist mainly of old market buildings. There are, however, some important listed buildings. Just outside the area, but dominating it from the East, is Christ Church, designed by Nicholas Hawksmoor in 1714. This is one of the great ecclesiastical buildings of Britain and its restoration is taking an unbelievably long time. The spire, tower and portico form one of the most remarkably sculptural achievements of the English Baroque. Seen from the market, it looks like a piece of stage scenery; walk round it and it becomes a fluid and moving piece of monumental sculpture. If this church was in any other European city it would have been totally restored by now. It was given a new roof in 1965 and an historically accurate restoration that is painstaking to the point of agony has been creeping along ever since.

The Horner Buildings, around the eastern edge of the market, are listed. They are unremarkable but pleasing examples of 1880s Arts and Crafts style by the little known architect George Sherrin. They have a sociological interest, since Mr Horner, who developed them, started life as a market porter and then wisely turned to property development. Listed buildings occupy the fringes of the surrounding Conservation Areas, and there are four such areas adjoining the site. The 18th century streets that make up the Fournier Street and Elder Street conservation areas are well known for their houses with silk weaving lofts on their top floors, built by industrious Huguenot refugees. Several have remarkable panelled interiors, and many have been carefully restored.

Anyone interested in the future of British inner cities should take a walk along Brick Lane in Spitalfields. It is the land of Bangladeshi workshops and traders, the vegetable samosa, the well-used mosque, and the most overcrowded housing in London. Spitalfields has been home to successive waves of immigrants – Huguenots, Jews, Asians. The 18th century church on the corner of Fournier Street and Brick Lane has been a synagogue and is now a mosque. It is the crowded poverty of the area that should be noticed, and if you look just yards beyond Brick Lane you cannot fail to notice some of the worst public housing estates in the East End. And yet, you may well ask, what is the rich City, with virtually no residential population, doing about its neighbour?

The answer is predictable. The developers SDG (Spitalfields Development Group) acquired the market lands for office development with some, but not a lot of, residential, shopping and public uses. SDG is a partnership of BICC plc, County and District Properties Limited, and the London and Edinburgh Trust. Their recently published master plan is the third attempt to get things moving. They already have planning consents for a scheme designed by Fitzroy Robinson Partnership and MacCormac Jamieson and Prichard Architects, which was approved in 1987 when markets for offices were more buoyant.

The developers changed that scheme for one designed with an astonishing level of insensitivity by the American architects Swanke Hayden Connell. This scheme was called in by the then secretary of state, Mr Chris Patten, and a public inquiry was to have begun in October.

After taking a lot of advice, the development team has come up with a new master plan, devised by Ben Thompson and Associates from Boston, US. This is the firm that successfully adapted Boston's Faneuil Hall and Quincy Market. I have just been reading their full report. Apart from being written in an unknown language (it is hard to believe that the authors ever learned English), it is full of sketches that show a world of permanent sunshine and cafe life, to date unknown in Spitalfields. But there is a modesty about the plans that is heartening. Most encouraging is the choice of architects. So far, Sir Norman Foster has been chosen to design the key office building in Bishopsgate. Three other good firms – Allies and Morrison, Edward Cullinan Architects, and Jeremy Dixon Edward Jones, BDP – have been selected for commercial buildings. There is a firm of co-ordinating architects, EPR, which will not have any major design input.

There is a danger that only Sir Norman's tower will be built and the good intentions for the whole 12 acres will not be seen as viable. If planning has any credible role left it must be to see that Spitalfields is harmoniously developed for the benefit of its whole population. The City has a sad and selfish record when it comes to its recent attitude to Docklands and the East of London. If it had seen fit to collaborate with growth to the east, instead of cramming as much into the Square Mile as possible, we wouldn't have the isolated failure of Docklands or so much overdevelopment. Can Spitalfields help to restore the balanced development of a civilised city?

Colin Amery

SPONSORSHIP

Russian coup for Watford

I am glad to report that Watford and the arts were in the forefront of the changes rocking the Soviet Union in recent days. Last Tuesday saw the opening night at the Palace Theatre of Dostoevsky's *The Devils*, presented by the Novgorod theatre company. For the first time in the West, and a significant pointer to the future, the production was sponsored by a Russian company, Kvant Television, which makes television and satellite equipment in Novgorod.

Alexander Tsvetkov, Kvant's general director, hopes to export his goods and regards the theatrical exchange as an excellent way of making business contacts in the UK, worth the £15,000 cost of the exercise. In sad contrast, because of the recession, the Palace failed in its attempts to get matching support from British companies.

★

In the current economic climate it is difficult to get business to cough up £100,000 to sponsor a new opera production. Difficult but not impossible. The English National Opera set itself a sponsorship target of £1.6m for its 1991-92 season, which started last month, just a marginal £100,000 more than the £1.5m it raised in 1990-91. Before the playing of the first overture, it had already brought in £1.35m.

Some of this is a solid £100,000 or so in contributions from loyal corporate backers such as the TSB and the Woolwich, plus that increasingly keen sponsor, Guinness. But ENO has learned to adapt to changing conditions and is milking new sources of sponsorship money. One which is proving resilient is private sponsorship: Mrs Sue Hammerson, of the family of developers, has given around £50,000 to help out *Don Giovanni*, while an anonymous benefactor is underwriting *Billy Budd*.

Another way into the heart, and wallet, of private sponsors is through the ENO patrons scheme. Rich opera lovers have been carefully courted, and within a month of the launch of the scheme 15 had gone all the way, with £1,000 contributions which earn the full glory of Patron. Lesser sums bring lesser prestige.

The wealthy supporters of the ENO are also being approached via an avenue that the opera company has long avoided – the grand gala evening. It hardly matched its voice-of-the-people image, but the chance of securing £100,000 from a gala performance of *Die Fledermaus*, in co-operation with the Royal Academy, past masters of gala events, was irresistible.

Just to prove it has not lost the common touch, perhaps the ENO's greatest triumph of 1990-91 was its Sponsor an Opera appeal, through which it asked its audience collectively to sponsor *Lady Macbeth of Mtensk*. The aim was to raise £50,000 to cover some of the costs of this difficult opera. In the event, more than 1,250 small-time sponsors contributed almost £100,000 to achieve a poor man's gala. The exercise will be repeated in 1992-93.

★

A constant complaint of sponsors is that they rarely receive credit for their support in media coverage of the event. If the Association for Business Sponsorship of the Arts can be believed, this has changed rapidly in the past year.

In 1990, ABSA embarked on a campaign to persuade editors, arts editors, critics and reporters on national newspapers to mention the sponsor, pointing out that often the concert or ballet would not have taken place without their contribution. The lobbying seems to have worked.

A survey last December suggested that the name of the sponsor was mentioned in 34 per cent of the sponsored arts events that were reviewed. By March, the coverage had increased to 44 per cent, and by June, 71 per cent of reviewed sponsored events contained a plug. The research may be rough and ready, and during the same months the number of sponsored arts events reviewed showed a steady decline, but at least one corporate excuse for not helping the arts has been removed.

★

"Corporate philanthropy is a phenomenon largely confined to the United States," begins *The Corporate Patron*, a splendidly illustrated volume published to celebrate the 50th anniversary of the National Gallery of Art in Washington. How true this is!

The book goes on to praise more than 300 companies that have supported the gallery, starting with *Life Magazine* and Abbott Laboratories which, within months of its opening, were sponsoring exhibitions relating to the war, and going through to 1991, when the Gallery used its celebrations to attract a fabulous flow of gifts from private patrons and corporations.

In recent years, non-American companies have taken advantage of the prestige which flows from linking with this business-friendly museum. The next, very expensive, exhibition, "Circa 1492 – Art in the Age of Exploration", which opens on October 12, is supported by Japanese companies Nomura Securities and Canon, among others. Profound changes are needed in the tax laws before a British art institution could produce such a comprehensive celebration of corporate generosity.

★

Companies are woefully unimaginative about employing contemporary artists in the furnishing of their properties. They could learn from Boosey & Hawkes, the music publisher, which has commissioned ten postgraduate students from the five leading London art colleges to come up with proposals to decorate six niches in its London showroom.

A fire destroyed the 1930s shop last year, but it has been restored to its period glory, except for the paintings. One artist will be chosen and his, or her, career advanced with a £9,000 fee for the work.

★

This is the worrying time for arts companies, as sponsors draw up their marketing plans for next year. The decision of Digital to stay with sponsorship is encouraging.

The computer company has invested £3m in the arts over the past five years, most of it in dance, and has decided to renew its support for the next three years. The focus will remain on dance, but the company will also renew its support for the National Theatre. In the past this has been in kind – installing a computerised box office – but in 1992 it will start funding an annual production, with Shaw's *Pygmalion*.

Antony Thorncroft

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

ANTWERP

Sint-Carolus Borromeuskerk 20.00 Flanders Festival: Cavalli's Vespers performed by the Hilliard Ensemble and Concerto Palatino. Tomorrow: Vivaldi programme with the Academy of Ancient Music directed by Christopher Hogwood. *Thurs: Antwerp Bach Chorus in* music by Palestrina and Lassus. Sat: The King's Consort in music by Vivaldi, Geminiani and others (233 7180)

BERLIN

MUSIC

Staatsoper unter den Linden 19.30 Mozart and Salieri double-bill: Der Schauspieldirektor and Prima la musica e poi le parole. Tomorrow: Madama Butterfly. Wed and Thurs: John Cranko's ballet The Taming of the Shrew. Fri and Sat: Zar und Zimmermann. Sun: Falstaff (East Berlin 2004 762)

Deutsche Oper 19.00 Stefan Soltesz conducts John Dew's German-language production of [illegible] Huguenots, with a cast led by Lucy Peacock, Angela Denning and Richard Leech, also Thurs and Sun. Tomorrow: Gwyneth [illegible] sings Elektra. Wed: Katya Kabanova. Fri and Sat: ballet triple-bill (West Berlin 3410 249)

Schauspielhaus 19.00 Capella Agostino in a programma of baroque music. Tomorrow: Freiburg Baroque Orchestra. Thurs, *Fri* and Sun: Berlin Philharmonic Orchestra conducted by Claudio Abbado gives the opening concerts in this year's Berlin Festival (East Berlin 2272 261)

THEATRE

East Berlin: the Berliner Ensemble has a new production of Brecht's Schweyk opening tomorrow, with The Threepenny Opera on Thurs and a Kurt Weill evening on Fri (2827 712). The Maxim Gorki Theater reopens on Fri with a Feydeau farce, followed by As You Like It on Sat and Peter Shaffer's Amadeus on Sun. Caryl Churchill's Top Girls is showing at the *Studiobühne on Sun (2082 748).*

West Berlin: the Schiller Theater repertory includes Faust and Iphigenie auf Taurie by Goethe, Lessing's Minna von Barnhelm and Schiller's Die Räuber (3195 236).

BIRMINGHAM

Symphony Hall 20.00 Kurt Masur conducts the Leipzig Gewandhaus Orchestra in the first concert of their Birmingham Beethoven cycle. Tonight: First Symphony and Violin Concerto with soloist Dmitri Sitkovetsky. Tomorrow: Second *and Third Symphonies. Wed: Fourth* and Fifth Symphonies. Thurs: Sixth and Seventh Symphonies. Fri: Eighth and Ninth Symphonies (021 212 3333)

FRANKFURT

Alte Oper 19.30 Marcello Viotti conducts the Frankfurt Radio Symphony Orchestre in s concert performance of Alberto Franchatti's long-neglected grand opera Cristoforo Colombo, with a cast led by Ranato Bruson. Tomorrow and Wed in Mozart Saal: Romeo and Juliet, adaptation of Shakespeare by Frank Moritz and Volker David Kirchner. Wed: Ozawa conducts tha Boston Symphony Orchestra. Thurs: Boulez conducts tha Ensembla InterContamporeln. Fri: Heinrich Schiff (1340 400)

HAMBURG

Musikhalle 20.00 Jiri Bslohlavek conducts tha Czech Philharmonic Orchestra In an all-Dvorak programma: Carnival ovartura, Callo Concerto with Igor Ardasev end New World Symphony. *Tomorrow: Belohlavek conducts* music by Mozart, Dvorak and Petr Eben. Thurs: Chailly conducts tha Royal Concertgebouw Orchestra. Sat: Gard Albrecht conducts the Berlin Staatskapalla. Sun: Kurt Sanderling conducts Shostakovich's Fifth Symphony (448826)

HELSINKI

Vanha Kirko 19.30 Joseph Swansen la director and violin soloist with the Halsinki Chamber Orchestra In a programme of music by Vaughan Williams, Mozart and *Dvorak. Tomorrow in* Finlandie-huset: piano recital by Grigory Sokolov. Also tomorrow at 18.00, Hui-Ying Llu gives a piano recital In Temppelieukio Church, with music by Mozart and Debussy. Other events in the final week of thie year's Halsinki Festival lnclude e concert of works by Msgnus Lindbarg on Wed, and two concerts by the City ot Birmingham Symphony Orchestra undar Simon Rattle on Sat snd Sun (9700 4700)

LONDON

MUSIC

Royal Albert Hall 19.30 Henry Wood Proms: tonight, Semyon Bychkov conducts tha Orcheetre de Psris in Kodaly's Dances of Galants, Dutilleux's Second Symphony end Strauss' Also Sprach Zarathustra. Tomorrow: David Atharton conducts Bridga and Vaughan Williams, with Artur Pizarro soloist in Raval's Piano Concerto in G. Wed end Thurs: Rattle and the CBSO. Fri: Andrew Davis conducts European premiere of Tippett's Byzantium. Sat: Ozawa conducts the Boston Symphony. Sun: Colin Davis conducts tha Drasden Staatskapelle (071-823 9998)

Sadler's Wells 19.30 Britiah Youth Opera production of Don Giovanni, also Wed and Sat. Tomorrow and Fri: La bohema (071-278 8916)

Royal Festival Hall 20.00 Philip Glass Ensemble in the sacond of six "film concerts", during which the ensemble plays live the soundtrack of Glass's collaborations wilh the film director Godfrey Reggio, while the films are shown on screen. Tonight and tomorrow: Koyaanisqetsi. Thurs and Fri: Powaqqatsi (071-928 8800)

THEATRE

National Theatre

● The White Davil: Josetta Simon is tha proud heroine in s glittering production by Philip Prowsa of John Webstar's tala ot Jacobean corruption, showing in tha Olivier tonight, tomorrow and Wed. Latar in the week, Antony Shar stars in a production by Di Travis of The Resistible Rise of Arturo Ui, Brecht'e grim comic parable about Hitlar, written in 1941 end set In the world ot Chicago gangsters.

● Nepoli Milionaris, Eduerdo ds Filippo's richly textured, end-of-wer drama starring Ian McKellan, can be sean in the Lyttelton tonight, tomorrow and Wed. Tha reat of the week is devoted to Long Day's Journey Into Night, Eugane O'Naill's mesterpiece of femily guilt, directed by Howard Davies and starring Prunelle Scales and Timothy West.

● Black Snow, directed by William Gaskill at the Cottelsoa tonighl end tomorrow, Is Keith Dewhurst's play based on Bulgskov's satirical novel eoout Moscow thaatre in the 1920s. (071-928 2252)

For tickat information about all West End ehows, phone Theatreline from anywhere in lhe UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillars 0836 430962

NEW YORK

BROADWAY THEATRE

Long runners include Neil Simon's Pulitzer Prize-winning play Loet in Yonkers (Richerd Rodgars Theater), Six Degrees of Separation, John Guera's dark comedy (Vivian Beaumont Theater, Lincoln Center), The Will Rogers Follies, a musical which won six of this yaar's Tony Awards (Palace Theater), City of Angels, an entertaining combination of muaical comedy and private-eya films of tha 1940s (Virginia Theeter), Miss Saigon, Nicholas Hytner's production starring Lea Salonga and *Jonathan Pryce (Broadway* Theater). Tickatron answers inquiries and sells tickets (246-0102)

UTRECHT

Vredenburg 20.00 Tha Consort of Musicke, with soprano Emma Kirkby, in a programma antitled Ths Engliah Humour: madrigala by Ward, Dowland, Locke and Ravenecroft. Wed: Catharina Bott sings 16th and 17th century English and Italian music with the Amsterdam Loeki Starduet Quartet. Thurs: London Baroque. (314544)

VIENNA

MUSIC

Staatsoper 19.00 Peter Schneider conducts Dla Zauberflöte, with e cast Including Barbara Bonney, Gabriala Sima, Robert Lloyd and Deon van der Walt, rapeefed on Thurs. Tomorrow and Sat: Eva Marton elngs Turandot. Wed: Domingo alngs Parsifal. Fri: Der fliegende Holländer. Sun: Otello with Freni, Bruson and Glacomini (51444 2960)

Volksoper 19.00 Kalman'a *operetta* Die Zirkusprinzeesin. Tomorrow, Wed and Sat: La Cage aux Folles. Thurs: Eugane Onagin. Fri: Merry Widow. Sun: Millocker's Der Bettelstudent (51444 3318)

THEATRE

This week'a repertory et the Akadamiathaater and Burgtheater includes Goethe's Clevigo directed by Claus Peymenn and two Georg Tabori productions: Goldberg Variations and Babylon Blues (51444 2218)

Telephone sales of tickets for tha Staatsoper, Volksoper and Burgtheater are available *worldwide for holders of credit* cards by ringing Vienna 5131 513

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0500-0530 Moneyline
0800-0830 Moneyline
1230-1300 CNN Market Watch
1330-1400 Business Day
2000-2030 World Business Today - a joint FT/CNN production with a review of the day's major business stories with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline

Superchannel
2220 - 2250 (Wed) Financial Times Business Weekly - the latest round-up of business news with James Bellini and Debbie Middleton.
0830 & 2030 (Thurs) Financial Times Business Weekly

Sky News
1200 International Business Report
2130 (Thurs) Financial Times Business Weekly

SATURDAY

CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY

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1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2330-0030 FT Business Weekly

Sky News
1030-1100 FT Business Weekly

CNN
0710-0740 Moneyweek
1540-1610 Your Money
1900-1940 Moneyweek
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Monday September 2 1991

Death of the god that failed

HISTORY IS dead; long live history. The central historical theme of the 20th century has been the conflict between liberal capitalism and two ugly sisters. One, Nazism, was evil through and through, but by its nature could only appeal to one people. Bolshevism, by contrast, wrapped its amoral fist in a millenarian, internationalist glove. Its appeal being broader, the threat it presented was greater. Its collapse, not just in its eastern European outpost, but in its Soviet heartland represents an historical turning point, though neither the end of history nor the unchallenged triumph of liberal democracy.

Nevertheless, it is an occasion for joy. Communism was evil as much because of its millenarian promises as in spite of them. To the true believer even the murder of millions could be justified by a cause sanctified by history's march towards bliss. For that alone, the death of communism merits rejoicing among both its erstwhile subjects and its erstwhile foes.

True, the threats of economic chaos, ethnic conflict and the loss of control over the Soviet Union's vast destructive powers provide good reasons for anxiety. But they should not make one forget the most encouraging feature of this revolution: its sobriety. Hecatombs were sacrificed to the god that failed, but it has perished with a whimper. The peoples of the erstwhile Soviet Union have been educated by communism to want not another bloody transformation, but an economy that allows them to prosper and a state that lets them breathe.

Politically unsuccessful

How simple these desires are; but how difficult they are to fulfil. The concerns to which communism was a response have, alas, not disappeared. Politically unsuccessful in its European birth-place, communism was embraced by the would-be tyrants of poor societies. From a prophecy about the future of the more advanced states, it became a programme for forced modernisation of the backward.

With communism left only in one giant and a few minnows, policy-makers in Moscow and Warsaw, along with those in New Delhi and Mexico City, now hope to achieve modernisation by joining the liberal economy of the First World, rather than by imitating the autarky of the Second. The question for the west is not how to aid but whether to trade. It is a question that it would rather not answer.

Capitalism's triumph

Even if the west were to respond as it should – something that protectionist lobbies will do their best to prevent – the global triumph of liberal capitalism would still not be assured. The western world is an island of peace, power and prosperity in a world of impoverished, often desperate people. The magic of the market may offer hope, but when a sixth of the world's people enjoys two thirds of the world's income, that hope often seems remote. Disappointment is no fertile ground for liberal democracy, be it in Russia or in Brazil.

Nor should one ignore an even more fundamental challenge to liberal society, that from the prophets of environmental doom. They argue that many billions cannot hope to share the prosperity enjoyed by the few. If they are right, the challenge to liberalism would be severe.

Like F. Scott Fitzgerald's Gatsby, liberal societies, believe in the "orgiastic future". Freedom and economic growth are Siamese twins. The energies released by freedom create growth, while the hope of growth – of an ever bigger cake – underpins liberal democracy. In the absence of that hope, politics is bound to focus on the distribution of what already exists. Such zero-sum politics is certain to be fraught, not least because liberal democracy provides no strong justification for any particular distribution of income, a difficulty that can be evaded only when there is hope of more for all.

Liberal democracy and communism at least shared an optimistic view of the future, however much they disagreed over what it would be. But now Marx is dead, while the spectre that has returned to haunt liberal capitalism is that of a still earlier economist: only Thomas Malthus.

A role for the unions

THE TRADES Union Congress meets this week in Glasgow, with its leaders in better heart than for some time. Congress managers appear to have stitched up an agenda which makes damaging splits unlikely (though the ability of the TUC to shoot itself in the foot should never be underestimated). And there is the realistic prospect of a government friendlier to the unions.

Complacency, however, would be a mistake. For a start, Labour's poll lead is well short of a shoo-in. If the Conservatives win, the proposals in their latest employment green paper on the deduction of subscriptions from pay could prove fatal to less well-organised unions. Plans to prohibit the Bridlington rules which stop TUC unions poaching members from each other could lead to internecine strife.

And a change of government will do little to reverse the decline in union membership from 12m in 1979 to just over 8m last year. Unions may be less unpopular, but they find it hard to win members in the newer high-tech industries and services. The beauty contests in which unions underbid each other to persuade employers to grant representation rights in green-field factories are particularly demeaning since the potential members are absent.

On the credit side, the unions have survived the demise of much of their manufacturing base. Falling membership has spurred the merger process (creating a handful of large general unions which does little to rationalise the structure of representation). And a series of government laws has cleaned up some of the less attractive practices of UK industrial relations, such as strike decisions taken by show of hands in car parks.

Worthwhile services

But if unions have been disabused of their pretensions to be a power in the land, there remain significant and worthwhile services which they can offer. People at work need advice and representation in the conflicts of interests which inevitably arise between employers and employees – even where there is no collective bargaining over pay. These can be provided relatively cheaply through union membership, as a form of mutual insurance policy.

People doing particular forms of work have professional interests which their unions can promote, as the BMA does so effectively for doctors, for example. And employees may have a distinctive viewpoint on issues such as employment law or health and safety which unions can articulate (though with only a third of the workforce in membership, they can claim no monopoly of wisdom).

Success stories

The success stories of 1980s are those mainly non-TUC unions which have focused most closely on these goals and eschewed the battles of the past. The Royal College of Nursing, for example, has doubled in size by offering an impressive range of professional services including careers counselling. It runs a political lobbying operation with a record in stirring up public support for nurses which chills the marrow of NHS employers and ministers. And nurses have shot up the pay league since the RCN won its campaign for clinical grading, without a single day lost through strikes. The Assistant Masters and Mistresses Association has experienced similar growth and campaigned successfully for an independent teachers' pay review body.

Success in achieving these modest – but important – objectives requires unions to strengthen their services to members: legal advice; tax and financial counselling; professional representation. They must make themselves more accessible (most unions cannot be easily contacted outside office hours). And new ways of lobbying and campaigning must be found in a world where the strike is either a weapon of industrial self-destruction or a blow against the consumer of public services.

It is not inevitable that UK unions should continue to decline, or that they should remain in their present weakened state. But it needs a clearer vision of their role than the TUC has so far formed if they are to break out of the decline and find a new place in the market.

The relationship between the Labour party and the unions is being redefined as cracks appear in their marriage, says **John Gapper**

Partners go their separate ways

Smiles belie strains in the marriage: Labour's Neil Kinnock and TUC general secretary Norman Willis

Should Mr John Major decide to hold a snap election in Britain this autumn, his party's propagandists will seize on an odd, but happy, coincidence. In October, both the Labour party and the Trades Union Congress will be led by officials of the union widely credited with bringing the last Labour government down. The National Union of Public Employees (Nupe) will provide both the chairman of the Labour party and the president of the TUC.

Nupe's role in the 1979 strikes which undermined the Callaghan government has given it a treasured place in Conservative party demonology. There is little doubt that Tory campaign managers would set about the task of deriding Mr Rodney Bickerstaffe and Mr Tom Sawyer, Nupe's general and deputy general secretaries, with gusto.

This summer has already shown the electoral weight the Tories place on Labour's dependence on the unions. Mr Michael Howard, employment secretary, has criticised the unions' financial support for Labour, their dominant vote at Labour's annual conference, and the historical links between the two. There is much ammunition: for instance, unions hold 12 seats on the party's 29-seat national executive compared to only seven for local constituency parties.

As the TUC Congress gets under way in Glasgow today, the Conservatives think talk of unions still benefits them – though unions' popularity tends to rise when they are perceived to be weak. In 1979, some 82 per cent of people thought unions had too much power; last year the figure had fallen to 38 per cent. The Tories believe the fear that a Labour government would allow union leaders a say in legislation is an electoral problem.

The union card is now being played so relentlessly that it has nettled Labour into defiance. "Are you listening, John Major? I am proud to be a member of the Transport and General Workers Union," declared Mr Neil Kinnock, the Labour leader, at the TGWU's biennial conference in July. Yet Mr Kinnock spent much of the 1980s in an at best uneasy relationship with the country's biggest union, which has 1m votes at Labour's conference and sponsors 33 Labour MPs.

The left-led TGWU's defiance of Mr Kinnock's attempts to change Labour's policy of unilateral nuclear disarmament led to much private sniping at the union from Labour officials. Relations reached a nadir in 1988 when Mr Ron Todd, TGWU general secretary, bemoaned the slick new image of the party. "There was a lot of deliberate provocation on both sides," says one TGWU official.

But the links between unions and the Labour party are so deep that such rows resemble those of a married couple. The metaphor is used by Mr Bill Morris, who will take over from Mr Todd next year. "There will be no separation, no divorce," he says. How could there be, given the history and constitution of a party formed out of a vote at the 1899 Trades Union Congress to seek parliamentary representation for unions? There are three elements to the marriage:

● History: More than any other European socialist party, Labour is rooted in class struggle. The efforts by Mr Kinnock to reform the party after the huge defeat of the 1983 general election were criticised as betrayals of history. Unions say their mass membership among working people is essential for the party. "Without that, the party would just float away like a balloon without guyropes," says Mr John Edmonds, leader of the 920,000-member GMB general union.

● Finance: Unions provide more than half Labour's income, although the decline in union membership has cut the proportion from 73 per cent five years ago to 53 per cent today. They are expected to provide much of the planned general election fund of at least £7m through affiliation fees. "We do buy some priority and influence, although the relationship with the party has changed," says Mr Roger Lyons, the next general secretary of the MSF general technical union.

● Policy: Unions remain integral to Labour policy-making although the union vote will be cut to 70 per cent of voting strength at the Labour conference next year. In spite of the tensions, Mr Kinnock has depended on the unions to vote through policy reforms against the party's left on a range of issues, including Europe, public ownership and the way the party makes decisions.

If no divorce is in prospect, party leaders have nevertheless decided that the relationship must change. They must show that unions do not exert undue influence, and will not do so under a Labour government. "There is no point pretending the relationship with the unions does not exist, but we have tried to define it differently," says Mr Tony Blair, Labour's employment spokesman.

A shift from their past involvement in government is also publicly accepted by unions. "It is a different balance. Labour will govern and we will react to what it does," says Mr Gavin Laird, general secretary of the Amalgamated Engineering Union.

This nervousness about being part of government springs from bitter experiences dating back to the setting up of the National Economic Development Council by Mr Harold Macmillan, the Conservative leader, in 1962. Mr Macmillan's logic – followed by prime minsters up to, but not including, Mrs Margaret Thatcher – was that unions could not be beaten and must be impelled to restrain wage demands by a sense of responsibility. Unions were pulled, often unwillingly, into uncomfortable compromise.

Beyond this fear that both sides have of repeating the failed attempt at accommodation there are several reasons why Labour and most union leaders say they must redefine their relationship.

First, there is the need to be elected. Labour strategists argue that

'There is no point pretending the relationship does not exist, but we have tried to define it differently'

the party's conversion to consumer rights – a primary battleground of the next election – will not be taken seriously if people believe it is controlled by workers' interests. This has already led to some delicate manoeuvring on issues such as Sunday trading – vehemently opposed by the Usdaw shopworkers' union despite evidence that it is popular with consumers.

Second, there is growing strain between Labour's wish to broaden its mass appeal as a social democratic party and the concentration of union membership in the public sector and among semi-skilled blue-collar workers. "We have to win in parts of Britain where union density is very thin. To do that we have to be a big, democratic party with space for everyone," says Mr Sawyer of Nupe.

Third, there is the blatant weakness of the party's policy-making process. "Compared to other European socialist parties, our method of making policy is not even in the fourth division; it's in the Vauxhall League," says Mr Sawyer. Unions dominate votes at Labour conferences, and the meetings at which motions are drafted. The inability of constituency parties to influence policy leads to "bitterness and irresponsibility" among ordinary members, says Mr Edmonds.

All these strains have led to a consensus that long-term reform is needed. The party laid plans in late 1980s for a gradual disengagement from unions. The three elements of the change were to be an attempt to build a mass membership of up to 1m by the coming election from the traditional level of about 300,000; a weakening of the unions' block vote accompanied by a reformed policy-making process; and an eventual switch to state funding of political parties.

The problem is that none of these changes has so far proved achievable. The mass membership campaign has been a conspicuous failure: membership now stands at 330,000. An offer to union members to join the party for only £5 has netted only 15,000 extra members in three years. "I don't think true mass membership will happen – we are just not like that in Britain," says Ms Jenny Pardington, national co-ordinator of the Trade Unionists for Labour group.

Mass membership is important if the party is to rid itself eventually of the block vote by which all the votes of a union are cast one way and do not reflect any internal split in opinion. Because the membership of constituency parties is so small, even the 10 per cent of votes that they carry at the Labour conference is an over-representation. They hold 640,000 votes because each constituency party is allowed to vote as if it has 1,000 members, whether it has 15 or 500. Until the constituencies can boost membership substantially, it will be difficult to justify giving them an increased percentage of votes compared to the unions.

Under the allied policy-making changes, commissions, with members from local parties and affiliated organisations, will debate aspects of policy for up to two years. "It will reduce the possibility of some incoherent policy being made on the hoof or on the conference floor," says Mr Edmonds. Yet whatever effect it has on the quality of decisions, unions will remain an integral part of the revised process.

The most sweeping change would be a switch to state funding of political parties. Labour has obvious motives for supporting this: the Tories are expected to gather an election fighting fund of up to £25m from business contributions. The 1984 Employment Act also requires unions to re-ballot members on whether they should have political funds by 1995. "As long as we have undemocratic funding for the Tories, unions have to support Labour," says Mr Laird.

The upshot is that no formal reform can occur before an election. This means Labour must rely on the electorate believing not only that there is a fresh informal understanding, but that this understanding will last under a Labour government. "We know that if there is not a proper balance in the relationship with unions and employers, we will be severely undermined," says Mr Blair.

Some unions are trying to enforce a more distant relationship with the Labour party. Mr Bill Morris wants more formal links at a lower level so that he and Mr Kinnock do not need to be constantly in touch on policy. Others say the 1980s policy changes mean the relationship is stronger as well as more distant.

There is little doubt that relations between unions and Labour are more amiable than for some time, or that both sides want to keep their distance. But the overriding question remains whether such distance could be preserved in government. The 1980s have been easy for unions in one respect; their leaders could denounce the government safe in the knowledge that it did not matter.

Two recent incidents have reinforced the suspicion that Labour and the unions will find it hard to keep apart. First, the possibility of Mr Jack Adams, a Communist party member, being elected as TGWU deputy leader in preference to Mr Jack Dromey, has brought private criticism from Labour party officials. Second, Labour leaders have agreed to give union members a vote in the selection of MPs in some constituencies even if they were not members of the party. The concession was made after unions were unwilling to lose all voting rights under one-person one-vote arrangements.

Some Labour officials believe an important moment in power would come when the party first faced a choice between following union policy or consumer interests. They appear to relish the prospect of a fight similar to those in the 1980s which were partly engineered to show that the party was willing to defy its financial backers.

But Labour must enter the election campaign with the unions at its side. They must face the spotlight together yet apart, agreeing on policy but emphasising that they are free to differ. It will be a considerable balancing act before an election; it would be remarkable to maintain it afterwards.

OBSERVER

Crossing fingers

■ Having launched one of the strongest challenges for the America's Cup, Italy's sailors are now setting course for another seagoing prize: the Blue Riband for the fastest Atlantic crossing.

In Porto Cervo, the Aga Khan's Costa Smeralda yacht club plans to wrest the trophy from Hoverspeed Great Britain, the catamaran ferry which won the award last year. But, like the America's Cup challenge, the latest venture could run into choppy legal waters.

Just crossing the Atlantic in record time is not enough to earn the Blue Riband. The fastest to date was Richard Branson's Virgin Atlantic Challenger II, but it was denied the prize because of its refuelling stops. And while Italy's entry won't have to refuel, fingers are being crossed that it will pass for a "commercial vessel", as the rules require.

There is serious money behind the Italians' project. Destriero – their sleek Pininfarina-designed boat, 67 metres long and wider than a frigate – cost a cool $17m merely to build, according to some estimates. Team members say it will pulverise the record when it sails next July, a year later than first scheduled.

Not all are so optimistic, however. Although the official reason given for the 12-month postponement was the Gulf war, some old sea hands suspect the real explanation was a need to find more sponsors. Even the Aga Khan has his limits, it seems.

Lasting ties

■ Sir Evelyn de Rothschild… Sir Martin Jacomb… now Peter Baring. While the British Merchant Banking and Securities Houses Association may have superseded the Accepting Houses Committee, it still appears to be run by mysteriously emerging members of the old school. Not the best of adverts for an international financial centre.

True, Baring is well qualified to take over the BMBA chairmanship next month. He runs London's oldest merchant bank, and knows the securities industry as well as the banking and corporate finance businesses. As head of the house of Baring his name carries more weight than most.

But the BMBA might have done better to underscore its international membership by picking a chairman who was not of the old club. And anyway, was it necessary for Kleinwort Benson's Jonathan Agnew to be made deputy chairman? Why not a US or Japanese investment banker?

Guard changed

■ By contrast, the old guard at Edinburgh fund managers Ivory & Sime will have gone almost totally when Alex Hammond-Chambers gives up as chairman at the year end.

Not that "old" is quite the right word. One reason for the ructions that marked affable Hammond-Chambers' chairmanship from 1985, is that at 48 he was little older than most of his immediate colleagues.

When subordinate dissent boiled over last year, four executives broke away, persuading managing director David Ross to go with them. Hence Hammond-Chambers had to go non-executive, and Allan Munro became head of a management committee with a distinct feel of players rather than gentlemen. Munro, now managing director, once played football with Hearts.

Ivory & Sime has begun doing better and with the takeover of Argosy Asset Management runs funds worth over £3bn. But with some of Hammond-Chambers' decisions being reversed by his successors, his eventual departure was probably inevitable.

The new chairman will be current deputy David Newbigging, also chairman of Rentokil, who formerly ran Jardine Matheson in Hong Kong. At 57 he will provide a useful age differential.

"I was a leading Kremlinologist."

Mystery tour

■ This week's whisk round the world by aid-canvassing Soviet finance officials is causing a headache at the International Monetary Fund in Washington, where they will go after tomorrow's visit to the European Bank for Reconstruction and Development in London.

Far from knowing what they'll be authorised to negotiate, the IMF is unsure who will be coming. While the supposedly Soviet team's leader was expected to be veteran Gosbank head Viktor Gerashchenko, the word now is that it will be led by Russian officials chosen by Russia's prime minister Ivan Silayev.

Unless wily Gerashchenko somehow manages to join the team between London and Washington, IMF officials will have to pick up the threads of their previous discussions a few weeks ago with a different group of people.

Amid the uncertainty, the IMF must be thankful its man looking after the discussions is John Odling-Smee, until last year a British Treasury official. He is no stranger to confusion, having been in charge of the Treasury's computer model which spent the 1980s spewing out economic forecasts completely at odds with what happened.

Missing link

■ Friedrich Hayek, the 92-year-old Nobel economics prize winner, must be very satisfied with the recent turn of events in the Soviet Union. He has written hundreds of learned articles explaining why socialism is out of date. But even great economists, it seems, sometimes base their convictions on what they overhear in a pub… sorry, club.

A good six years ago Mrs Thatcher's senior economic guru was pressed on why he was so optimistic about the impending failure of communism. The great man said that he had once sat at the same table in Reform club as a Russian scientist on his first visit to the West. The scientist was asked what surprised him most about Western Europe.

"You still have so many Marxists – we haven't any", was the reply.

Wide

■ John Major's gift of a cricket bat to George Bush may have struck a blow for the game in North America, but real progress will apparently require no less than a miracle. Reporting the gift, the White House said the bat had been signed by the England cricket team which recently won a Test match at "Lourdes".

The BCCI scandal is certain to create a landmark in banking supervision, writes David Lascelles

First step towards tougher regulation

When banking officials from the leading industrial countries gather in Stockholm today for what was originally set as a routine two-day meeting, one subject is bound to dominate their discussions: the collapse of Bank of Credit and Commerce International, and the lessons it raises for the future of bank regulation.

BCCI, with its massive fraud and still untold losses, has exposed such large failings in banking structures and raised such far-reaching questions about the way banks operate in the international markets that it is certain to create a landmark in banking supervision.

In fact the Stockholm meeting, being held under the auspices of the Basle Committee of international banking supervisors, will be only the first tiny step in what is likely to be a sweeping review of banking procedures that could last many years and involve dozens of countries.

"We're dealing here with the internationalisation of fraud," said Lord Alexander, chairman of the National Westminster Bank. "They're going to have to ask some very hard questions."

The regulators' meeting will be the first step in what is likely to be a sweeping review of international banking procedures

The meeting will be the first under the chairmanship of Mr Gerald Corrigan, the gravelly-voiced president of the New York Fed who, as chance would have it, was appointed only three days after BCCI was closed on July 5. At the time, he hailed the shutdown as an indication of the effectiveness of co-ordinated action between supervisors in different countries (69 were involved). But his task today will be to ask whether better co-ordination could have prevented the crisis occurring in the first place.

BCCI was able to get away with fraud on this enormous scale for as long as it did because it was careful never to develop a home country base where it would be subjected to the full scrutiny of the local banking authority.

Registered in Luxembourg, it had its biggest business in the UK, but it "parked" its shadiest assets in the Cayman Islands. This meant that the Luxembourg authority saw little of what was going on. The Bank of England had limited power because BCCI was not incorporated in the UK. The Cayman Islands, meanwhile, were not equipped to deal with one of the largest frauds in history.

When BCCI was convicted of drug money laundering in the US in 1988, the Bank of England conducted a thorough investigation of BCCI's UK branches but, possibly to its surprise, found nothing abnormal. This suggests that BCCI was adept at keeping its questionable activities out of the more closely supervised countries.

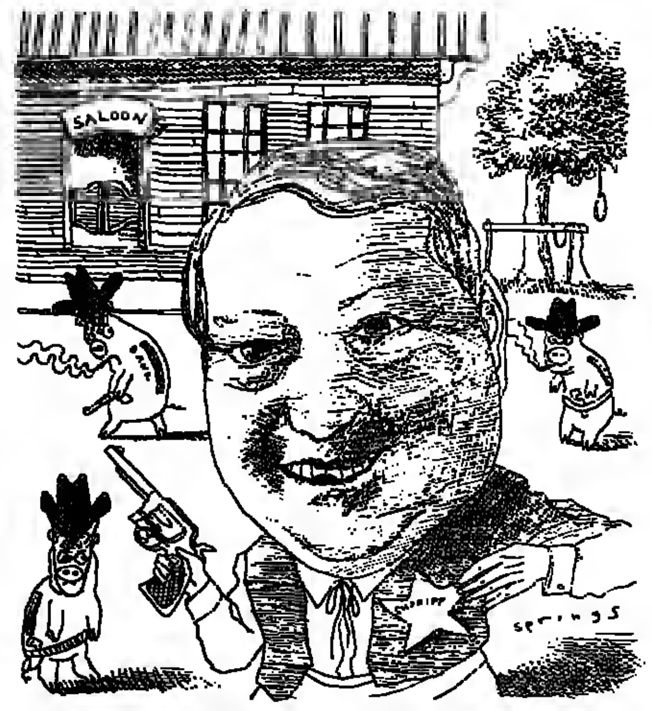
Already there have been calls for drastic measures to prevent another BCCI, such as the creation of a new supra-national banking regulator. With the rapid internationalisation of the banking markets, and the eruption of fraud as a big problem in many countries, the pressure for action is strong.

But banking officials will be trying to put the brakes on a rushed response. Mr Corrigan is believed to be opposed to cosmic solutions, partly because BCCI is a highly untypical hanking case. Another senior banking official close to the BCCI affair says: "What we want to avoid is a knee-jerk reaction".

Instead, officials will be trying to isolate the key issues arising from BCCI. There appear to be several:

● Supervision of cross-border banking. Snpervisnrs addressed this problem back in the 1970s when the Basle Committee drew up its "concordat" which allotted responsibility between the "home" authority and the "host" authority for a bank operating across borders. This would ensure, it was thought, that no bank could escape supervision. Tha concordat was toughened in 1983 after the Banco Ambrosiann scandal. But BCCI proved that it was still possible for a determined bank to evade the supervisory net.

Eight years later, the concordat is clearly ripe for another review. One solution may be for the authorities to require every bank to have a clearly defined "home", preferably in the country where it has its principal business.



New hanking legislation being considered by the US Congress would give the Federal Reserve the pnwer to require any foreign bank setting up a branch in the US to identify its principal overseas supervisor.

But BCCI has also raised questions about the adequacy of existing supervision in certain conntries. The small resources of Luxembourg and Cayman, for example, were clearly factored into BCCI's calculations abont where it placed its business.

Ms Sydney Key, an economist with the Federal Reserve and co-anthor of a recent study on the problems of supervising internatinnal banks, argues that the Basle concordat is too narrow in scope, and covers too few countries. "We need a more formal agreement than Basle," sbe says, proposing that the General Agreement on Tariffs and Trade or the Organisation for Economic Co-operation and Development would be a suitable forum for a wide-ranging review of these issues.

● Consolidated supervision. Again, supervisors thought they had addressed this problem in the early 1980s when they encouraged banks to consolidate tbe accounts of all their divisions and subsidiaries into a single complete picture.

But this is more easily said than done. BCCI had a highly complex and fragmented structure to which it added further opaqueness for many years by insisting on having two separate auditors. Furthermore, the steady international expansioo hy large banks, and their diversification into different lines of business such as securities and insurance is producing ever more complex holding company structures – often with the encouragement of supervisors who like banks to build "firewalls" around the riskier parts of tbeir business. This trend is likely to accelerate as financial deregulation progresses in countries such as the US and Japan.

The EC is drawing up a Consolidated Supervision Directive which will embody the principle that primary supervision should be carried out in the country where the bank has its main husiness. Mr Rohin Leigh-Pemberton, the governor of the Bank of England, has already suggested that as the EC evolves into a single market, the job of supervisiog banks sbould gradually be transferred to some future EC central bank. Bot that may not occur until the next century.

● Detectioo of fraud. BCCI was able to manipulate its accounts for as long as it did because there is, astonishingly, oo ageocy responsible for detecting fraud in banks. Banking supervisors are trained to monitor banks for prudent conduct, not to detect wroogdoing. The auditors, in BCCI's case Price Waterbnuse, say that it is not their joh to uncover fraud, only to cbeck the accounts. The auditing conveotioo is that it is management's joh to detect fraud. But in BCCI's case, management was perpetrating the fraud, and when Price Waterhouse urged it to conduct an internal investigatioo last year, management predictably produced a report that was largely a whitewash. Apart from some already identified problem loans, it said, BCCI was "very normal".

This regulatory stand-off is clearly unsatisfactory. However, this is not an area where banking officials will be able to take steps on their own. The issue will have to be addressed in conjunction with the auditing profession, and may even need new legislation to clarify the auditor's role.

● Dealing with "ontlyers" – the supervisors' term for freak hanks. BCCI was an unusual, eveo unique, bank, and it may therefore contain only limited lessons. On the other hand, the worst banking crises are invariably triggered by freaks which slip through the regulatory cracks, and the system needs to be able to handle them.

Supervisors dealt with BCCI by creating a "college" of officials from countries where it was most active. But the sorry tale of BCCI suggests that a college turns into a game of pass the parcel. The UK, Luxemhourg and the US all, at some stage, told BCCI to remove operations from their jurisdictions. Someone has to take direct responsibility for outlyers, and assume the role of lender of last resort.

Most significant developments in banking supervision in tbe past have been in response to crises: Herstatt, Amhrosiano, the US Savings & Loans. BCCI will oow set the latest milestooe aloog that humpy road. But as well as responding to the issues raised by BCCI, Mr Corrigan and his committee will also, no douht, want to anticipate the next one. With banking in its present disordered and uncertain state, that will not be an easy task.

PERSONAL VIEW

The Asian surprise in the forex markets

By Charles Goodhart and Antonis Demos

Where are the main centres for international currency trading in the world today? The answer will shed light on the relative strength and competitiveness of different financial centres. But it is one about whicb there has beeo relatively little information.

Because the foreign excbange market is so electronic/telephone market, with bid and ask quotes displayed on screens and deals done over the telephooe, there are no aggregate data for the volume of transactions. This gap in data has been partially filled by occasional ceotral bank surveys, the latest of which took place in April 1989.

Such surveys have shortcomings. Among other things, not all central banks participate, notably the Bundesbank; the surveys take place over the short period of one mooth; and they do not provide a complete breakdowo of transaction by individual currency.

We have complemented such survey data by taking informatioo from a different source, the quotes oo Reuters screens, where the relevant foreign exchange page gives tbe locatioo of each bank branch supplying the quote. We collected cootinuous data of all foreign exchange quotes, day and night, weekeods too, for 12 weeks, April 9-June 29 1989, amounting to nearly 1m individual quotes. These are separated into currency – in all cases bilateral with the US dollar (Fl is the Dutch guilder) – aod location, rangiog from London with 164,755 quotes to Riyadh with six. To save space we report the share in each currency of the 15 largest centres, ranked by aggregate number of Reuters quotes.

These data will also have disadvantages as a guide to the volume of transactions, since variations in Reuters' share of business io each centre and currency will lead to consequent hiases in the relationship between the number of quotes and total transactions. In particular, there are comparatively few Reuters quotes emanating from Tokyo, giveo the known volume of foreign exchange transactions there.

Nevertheless, the tahle clearly demonstrates tbe coocentration of all EC centres, except London, in just one or two currency markets: their domestic currency and, in some cases, the D-Mark or Ecu as well. Over this period there were no Reuters quotes at all for the pound sterling from Frankfurt, Paris, Amsterdam, Utrecbt or Milan. This does not, of course, mean that no spot deals were made in this currency in these centres; hut it does suggest that such centres played little role in fixing the market price. Besides London, ooly Zurich, and to a lesser extent Copenhagen and Oslo, could be describerd as international European centres, if the term implies making markets in all leading curreocies. Of these last three centres, only Copenhagen is in the EC, and it is hardly competitive with London. London is clearly tbe foreign exchange ceotre for tbe Community as a whole.

Besides the predominant role of London in Europe, the data indicate how enormously important Singapore and Hoog Kong have become as international Asian markets. Even if the comparatively low ranking of Tokyo is discounted as a result of bias, the Asian market is shown to be triple-centred, in contrast to the single-centred North American market, and the European structure of single ceotre, surrounded hy importaot domestic-oriented markets.

To conclude, there are six truly important international centres: London, New York, Tokyo, Singapore, Hong Kong and Zuricb. There are four medium-sized international centres: Sydney, Copenhagen, Toronto and Oslo. The rest are either small international centres, for example, Wellington, Melhourne, Bahrain and Los Angeles, or specialist centres, usually in the domestic curreocy.

Charles Goodhart and Antonis Demos nre members of the Financial Markets Group, London School of Economics.

TOP 15 CENTRES' % SHARE OF REUTERS CURRENCY QUOTATIONS

Location	DM	Yen	£	Sfr	Ffr	Lire	Fl	Ecu	Total
London	12.75	16.87	34.30	14.12	15.43	15.36	13.73	10.47	17.04
New York	9.17	13.96	12.44	12.93	25.20	31.37	20.81	37.64	14.92
Singapore	11.01	11.93	17.09	14.05	3.52	3.21	7.43	7.81	11.20
Hong Kong	13.55	13.43	6.99	14.04	8.56	0.45	2.08	11.50	10.98
Zurich	5.05	8.73	1.96	22.56	0.94	4.07	1.10	0.00	7.39
Tokyo	2.68	17.59	8.00	5.29	0.08	0.59	0.02	0.05	5.81
Paris	3.94	0.00	0.00	0.00	39.66	0.00	0.00	5.45	5.01
Frankfurt	11.81	1.83	0.00	0.28	1.24	1.44	0.00	0.00	4.24
Sydney	4.69	5.67	2.42	0.69	0.71	0.00	0.03	0.00	3.13
Amsterdam	0.83	0.00	0.00	0.00	0.00	0.00	40.11	0.00	2.82
Copenhagen	4.52	0.00	2.67	1.09	1.94	0.00	0.00	15.91	2.67
Toronto	1.89	3.05	4.66	2.38	2.59	0.91	0.00	0.00	2.37
Oslo	1.48	1.03	0.74	3.98	0.00	0.00	0.00	0.00	1.35
Utrecht	1.66	0.00	0.00	0.00	0.00	0.00	9.93	0.00	1.15
Milan	0.00	0.00	0.00	0.00	0.00	31.29	0.00	1.39	1.12
Total quotes*	304,314	165,518	135,721	146,631	87,553	33,096	61,633	32,251	966,717

* From 50 banking centres. Source: Reuters.

LETTERS

Montedison: more than just petrochemicals

From Mr Lino Terlizzi.

Sir, Antonia Sharpe writes (27 August) about a report on the petrocbemical market by County NatWest WoodMac which, as far as Mnntedison is concerned, merits some corrections.

Montedison is neither solely, nor even mainly, a petrochemical company.

It is a global, complex, diversified group, with activities in the chemical sector, including high valne-added materials, accounting for 23 per cent of 1990 consolidated sales and 28 per cent of consolidated gross operating profit (GOP); the pharmaceuticals sector, accounting for 9 per cent of sales and 9 per cent of GOP; the energy sector, accounting for 9 per cent of sales and 14 per cent of GOP; and the agro-industrial sector, accounting for 62 per cent of sales and 46 per cent of GOP.

The latter three sectors, which together account for about 70 per cent of Montedison's GOP, are either counter-cyclical or completely independent from the typical cyclicality of the petrochemical sector.

Himont is the major Montedison subsidiary active in the petrochemicals sector. Approximately 25 per cent of its total sales are not subject to petrochemicals volatility (catalysts, licensing and advanced materials) and a significant percentage of the remaining sales consist of a wide range of products with special characteristics that make them less cyclical than polypropylene resins.

About 55 per cent of Himont's polymer sector sales originate from non-European countries, where the pricing dynamic and/or a greater number of raw material supply sources ensure a higher level of profitability than in Europe.

Finally, it should be noted that in 1990, Himont's nominal production capacity was 2m tonnes; the volume of resins sold on the market was 1.5m tonnes.

According to current available information, the utilisation rate for Himont's plants for the whole of 1991 should remain at 87 per cent.

Lino Terlizzi,
director, press relations
Ferruzzi Montedison.

Valuation of unlisted investments

From Mr Michael Walton.

Sir, It is understandable that the stock market and investors should express scepticism nver the valuation of unlisted investments held in the portfolios of investment trusts subsequent to the collapse of one investment trust involved in venture capital and some dramatic reductions in valuations elsewhere.

Discussion of this problem, and the market's reaction to it, has done little justice to the time and effort that non-executive directors on the boards of investment trusts devote to considering the valuatinn of unlisted investments.

The British Venture Capital Association (BVCA) guidelines set out principles of valuation and disclosure requirements for members of the BVCA when reporting to investors in venture capital funds.

The principles of valuation described differ little from principles that hoards of investment trusts have adopted in the past. The disclosure requirements ensure that the managers of venture capital funds disclose to investors in those funds bow each valuation has been arrived at. Because such reports are privileged communications between managers and investors, it is possible to be very opeo about the reasons for changes in valuation, even when such disclosures would in other circumstancea he damagiog to investee companies.

It is not possihle for the accounts of investment trusts, which are public documents, to be so frank about the performance of investee companies, particularly when such companies are in financial difficulties; to do might prejudice the companies' prospects.

The valuation of unlisted investments within investmeot trust portfolios is the responsibility of the boards of those trusts, the managers of trusts making available all relevant informatioo to those boards to enable them to fulfil that duty properly.

It is also tbe duty of the auditors of the trust to ensure that boards have had relevant and accurate information made availahle to them to enahle them to form a proper view of valuations.

In addition, the hoard of a trust will have had the opportunity to form a view of the level of prudeoce managers adopt in proposing valuations because they will, over several years, have the opportunity to compare those valuations with realised values. They are in a good position to judge whether valuations are appropriate and the dialogue that takes place between managers and boards will typically arrive at a cooservative result.

The market and investors sbould not cooclude that because a few trusts involved in the more speculative end of the venture capital industry bave got valuatioos wroog, that the vast majority of investmeot trusts involved in unlisted investment are not producing fair and reasonable valuations of their portfolios.

Michael Walton,
Gartmore Venture Capital,
16-18 Monument Street,
London EC3.

Advice that the Soviet Union can well do without

From Mr Doug Henwood

Sir, In his piece on the undesirability of a break-up of the Soviet Union, ('Breaking up is hard to do', August 29), Martin Wolf refers to the "bleating, largely from the left, about the west's failure to support Mr Gorbachev" with sacks full of hard currency.

This is one leftist who bleats no such tune – though I admit that mine is a lonely position at this beleaguered end of the political spectrum.

Few things would be sadder than to see the Soviet Union turned into another victim of the aid and develnpment racket, a game whose winners seem mainly to be bankers and bureaucrats – and the hoteliers and restaurateurs who take care of them.

The Soviet Union's enormous technical and industrial potential, largely unrealised under the ham-handed regime of central planning, would be utterly squandered, as the country was transformed into an exporter of primary commodities, a Zaire on a continental scale.

It is amusing to watch "experts" from the IMF, the US and UK offering advice to the Soviets.

What a sterling record this trio has. The Fund can boast of its great successes in Africa, and the English-speaking countries can hoast with equal pride of their mighty industrial sectors and recession-proof economies.

It is no wooder that experts from Japan and South Korea are far more reticent about telling the Soviet Union what to do, giveo their obvious economic weaknesses, a function, no doubt, of their repeated violation of the canons of IMF and Anglo-Saxon orthodoxy.

Doug Heowood,
editor/publisher,
Left Business Observer,
250 W 85 St,
New York

Why British times should be a-changing

From Mr Michael Alloway.

Sir, Regarding the letter from Mr Russell Sparks (August 30), there is already such a variety of public holidays within Europe, that if the UK lined up with Europe, which country would it choose? Would the UK celebrate Bastille Day on July 14?

More to the point and much easier to adopt would be to get Britain, Ireland and Portugal to line up with Central European Time. As it is, the Germans, starting at eight o'clock in the morning, have to wait two hours before any contact can be made with Britain every working day.

Second, if I want to visit any European destination, I can do so easily duriog tbe day. A Briton, on the otber hand, often has to stay overnigbt because of the late start in the morning. Finally, could Britain change summer to winter time and vice versa *on the same day* as the rest of Europe?

Michael Alloway,
5, rue d'Artois,
Paris

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Monday September 2 1991

Goh considers modifying style of government as PAP's share of popular vote falls

Singapore may abandon liberalisation

By Kevin Brown in Singapore

SINGAPORE'S ruling People's Action party (PAP) may abandon a limited liberalisation programme after opposition successes in elections on Saturday, party leaders said yesterday.

The PAP won 77 of 81 parliamentary seats, but its share of the popular vote fell to 61 per cent from 63.2 per cent at the last election in 1988. The opposition took four seats compared to one in 1988.

Mr Goh Chok Tong, the prime minister, said he was "disappointed" by his failure to win a solid endorsement for the more liberal style he has adopted since taking over from Mr Lee Kuan Yew in November.

Mr Goh said he was considering whether to "modify" his style of government, which has led to an easing of censorship regulations and more conciliatory treatment of political opponents.

He also raised fears of a crackdown against opposition candidates accused of trying to win votes by exploiting differences between Singapore's Chinese majority and the Malay and Indian minorities.

Political activity along ethnic or religious lines is banned in Singapore. The accused candidates could face prosecution, or detention without trial under the Internal Security Act.

Mr Goh said the election showed Singaporeans wanted a strong opposition in parliament, but warned that the PAP would scrap existing provisions for scrutiny of ministers by government backbenchers.

"The PAP will now play the role of a conventional governing party in a two-party political system," he said.

The election was a triumph for Mr Chiam See Tong, leader of the Singapore central Democratic party, who will become the first Leader of the Opposition since the late 1960s.

Mr Chiam was the architect of an agreement among the five opposition parties to concede the election in advance by nominating candidates for only 40 of the 81 seats.

PAP leaders conceded that voters had responded to Mr Chiam's claim that they could safely vote for opposition candidates without risking the defeat of the government.

The SDP won three seats, and came within three percentage points of winning three others.

The centre-left Workers party, formerly the biggest opposition party, took one seat.

The election result will weaken Mr Goh's support within the PAP, but is unlikely to result in a leadership change in the short term. However, Mr Goh will come under pressure to step down if the PAP loses further seats in by-elections promised within 18 months.

Singapore prime minister Goh Chok Tong meets supporters after winning his seat in yesterday's election

Gorbachev accepts Baltic goal

By Leyla Boulton in Moscow and George Graham in Washington

MR Mikhail Gorbachev, the Soviet president, yesterday indicated he was ready to accept independence for the three Baltic republics of Lithuania, Latvia and Estonia.

Mr Gorbachev appeared to accept their often-stated goal of independence when he said in a television interview: "If that is the ultimate will and the intention of the peoples of these republics, I believe we have to accept this."

Mr Gorbachev did not say, as he has before in this context, that they must observe a legally determined five-year period of negotiations with the centre before they would be allowed to separate.

President Vytautas Landsbergis last night hailed Mr Gorbachev's acceptance of Baltic independence, saying Lithuania was entering a new period of history. "I am glad he has said this. This is the beginning of a new period of history . . . Now there must be concrete talk on the withdrawal of Soviet troops," Mr Landsbergis said.

In a further boost for the republic's independence cause, it appeared yesterday that the US would give full recognition today to the Baltic republics.

Mr Landsbergis said earlier yesterday, after speaking to President George Bush, that he was sure Mr Bush would today announce the establishment of diplomatic relations with his country, or in some way recognise its independence.

Independence for the Baltics is to be discussed at the session of the Congress of Peoples' Deputies, the highest Soviet legislative body, which opens today.

In Moscow last night the three Baltic prime ministers said that they would refuse to sign an economic agreement now being mooted by the economic committee in Moscow even though they would do everything possible to preserve and develop trade with the Soviet Union.

"Putting aside the political situation, we have to do all we can to ensure these (trade) ties do not collapse," said Mr Ivar Godmanis, the Latvian premier.

The prime ministers said they planned to create a Benelux-style monetary union but remained cagey as to when they would replace the rouble with their own national currencies.

Mr Gediminas Vagnorius, the Lithuanian premier, said his republic's new currency, the litas, was "ready" but would not be introduced in the near future.

Asked whether he would subscribe until then to a common financial stabilisation policy for the rouble, Mr Vagnorius said he believed it would take a least another year for such a policy to materialise.

"But if they do manage something, we will welcome it," he said.

Mr Edgar Savisaar, the Estonian prime minister, said it was time to cast aside all illusions and deal with an extraordinarily difficult economic crisis.

"There are no ready solutions," he said. But like his colleagues, who see their countries' future in new ties with the west, he seemed determined to deal with most of the crisis without the help of the former Soviet empire.

The US, while sticking to the position that it has never acknowledged the absorption of the three Baltic states by the Soviet Union, has lagged behind other western nations, notably the members of the European Community, in giving them full recognition.

This delay has spurred criticism from leading Democrats.

Major warns of need for economic order

Continued from Page 1

The British prime minister, the current chairman of the G7 group of industrialised nations, voiced the fears of many western governments that the chaotic pace of political change could slow the momentum of economic reform.

He urged Soviet and republic leaders to strengthen contacts with the International Monetary Fund in order to map out the reform programme which is the prerequisite for significant financial help from the west.

During a visit in which his aides freely admitted that he had more questions than prescriptions, Mr Major was careful to avoid any hint of favouritism towards either of his two principal hosts. After an unscheduled second meeting last night there appeared little doubt, however, that he is keen that Mr Gorbachev's authority should not collapse any further.

Mr Major underlined his support for the forces of change by meeting leaders from the newly independent Baltic states and by laying a wreath at the Moscow underpass where three young Russians were killed by the army during the coup.

His officials emphasised that the carefully balanced programme showed that there was no question of the west attempting to dictate the new form of association that eventually emerges from the break-up of the Soviet Union.

But the officials, who included Mr Nigel Wicks, the British official responsible for co-ordinating the G7's approach, indicated that it would be difficult, if not impossible, to put an IMF programme into place without central co-ordination of macro-economic policies.

Mr Major, who also met Mr Ivan Silayev, the Russian chairman of the committee overseeing economic reform, is concerned that rivalries between the republics could lead to attempts to establish internal trade barriers.

As for immediate aid, Mr Major outlined the six-point plans he agreed last week with President George Bush, which place emphasis on food aid this winter and technical assistance in areas like distribution and storage to allow the country to reduce the massive wastage of its own crops.

Mr Douglas Hurd, the British foreign secretary, meanwhile, won assurances from Mr Boris Pankin, the new Soviet foreign minister, that the new government would respect all of the Soviet Union's international commitments.

Japanese ministry accuses Nomura

Continued from Page 1

other main element of the scandal. However, Mr Matsuno's comments do not amount to a formal charge against Nomura.

Meanwhile, Mr Ryutaro Hashimoto, the Japanese finance minister, has announced a five-point plan to help restore confidence in the country's scandal-ridden financial markets.

Mr Hashimoto told the same parliamentary committee on Saturday that the proposals would aim to improve the transparency of the securities markets, reinforce inspection and supervisory systems, emphasise the principle of investor responsibility, review administrative regulations and impose stiffer penalties on transgressors.

However, Mr Hashimoto gave no details. His remarks seemed to be have been intended to rally support for his ministry, which has been widely blamed for contributing to the scandals by failing to supervise markets properly.

The scandals involve brokers compensating favoured clients for losses and also dealing with a gangster group.

The ministry is having to fend off calls for the establishment of an independent supervisory organisation on the lines of the US Securities and Exchange Commission.

Officials are working on reforms which would fit into Mr Hashimoto's broad categories, but have yet to announce specific plans.

Their ideas include possibly creating a new supervisory unit within the ministry to oversee both securities and banking, as well as plans for increased supervision for securities companies.

One suggestion involves raising the barriers between broking, underwriting and fund management to increase transparency and prevent securities companies from cross-subsidising these activities.

Mr Hashimoto said his five-point plan would improve the integrity of the securities markets. The scandals had not only undermined general investor trust in the market but also created a widespread sense of unfairness among the public.

● More signs have emerged of the impact of the current poor trading conditions, caused partly by the scandals, on stockbroking companies.

Nikkei Shimbun, the business daily, yesterday reported the results of a survey which showed that the pre-tax profits of the Big Four brokers – Nomura, Daiwa, Nikko and Yamaichi – could fall by 60-90 per cent for the six months to the end of September. Nine out of 10 second-tier houses would plunge into the red.

New Japan Securities, a brokerage linked to Industrial Bank of Japan, would suffer the biggest loss – Y22bn ($160.6m) – the Nikkei Shimbun said.

Polish cabinet asks for special powers

By Christopher Bobinski in Warsaw

THE POLISH government is to ask parliament for special powers to manage the economy, following its victory in a vote of confidence in parliament on Saturday.

The cabinet met yesterday evening to put the finishing touches to the draft legislation, which would give the government powers to bypass parliament on a range of economic decisions, both before the general election on October 27 and after.

Mr Jan Krzysztof Bielecki, prime minister, leads the free-market Liberal Democratic Congress party. With the election near, it needs to show it intends to run a more interventionist policy towards state industries facing imminent bankruptcy.

On Saturday, Mr Bielecki went to Starachowice, south of Warsaw, to present an interim financial plan to 3,000 workers who have been occupying the town's bankrupt lorry plant since August 8 to protest at its closure.

The government's tough line is likely to be combined with an attempt by Mr Bielecki to distance himself from Mr Leszek Balcerowicz, finance minister, the official most closely identified with Poland's anti-inflation programme, which is backed by the International Monetary Fund.

The Centre Agreement, a Christian Democratic group modelled on the ruling German CDU, and which has ministers in cabinet and an eye on the voters, is urging Mr Bielecki to drop Mr Balcerowicz outright.

President Lech Walesa, who gave his election campaign last autumn an anti-austerity note, has since backed Mr Balcerowicz and is, for the moment, insisting that he stay.

Mr Bielecki had offered his resignation on Friday, after former Communist MPs had proposed to dismiss the government over its demand to parliament for big spending cuts in the face of a sixfold increase in the planned budget deficit for this year.

Parliament voted on Saturday to dismiss Mr Grzegorz Wojtowicz, who had headed the central bank (NBP). He had come under fire after his deputy, Mr Wojciech Prokop, was arrested last month on a charge of issuing fraudulent loan guarantees to a private company.

Markets and the great unmentionable

By Anthony Harris

New highs in the London equity market are becoming as routine as scandals in Tokyo, but with a great deal less obvious justification. The economy remains sullen, and the forward indicators listed in Greenwell Montagu's new recession watch remain overwhelmingly negative. British corporate boards are delivering their own verdict in a new wave of rights issues, cashing in on a sellers' market before it is too late. They at least can remember 1987.

The conditions are right for another bout of midsummer madness. The markets are thin, and the brokers hungry. The news from the Soviet Union is dramatic enough to distract all but the most determined attention from uncomfortable facts at home. An ideal time, in short, to run the index up the flagpole and see if anyone salutes.

A contrarian, though, must dismiss this as facile thinking. All the bad news listed here is well known, and any future bad news (except the one item which is the main subject of this column) is unlikely to surprise, so the market has nowhere to go but up.

This would be more persuasive if contrarians had not been saying much the same in 1987, but one thing has changed since then. This time, the market is not really high at all. It has fallen by a quarter in real terms since 1987, and its 4.65 per cent dividend yield looks very generous when viewed from any other major bourse. And, of course, we could still be surprised by recovery; as Mr Alan Greenspan of the Fed has pointed out, recovery nearly always does come when it is least expected.

So far, the argument looks like a stand-off – which is exactly what you should expect in a reasonably efficient market. However, it leaves out one factor which is peculiar to the British market. It is of fundamental importance, but is only partially discounted, and is hardly ever discussed – the sterling exchange rate.

This silence is odd. The rate chosen by the British authorities when they locked in to the ERM less than a year ago caused much surprise overseas. Reports from Frankfurt spoke of "insanity"; my friends in Washington conveyed the same thought in more moderate terms. They spoke of a prolonged recession, pressure on profit margins and falling investment, which all looks reasonably prophetic.

In London, however, there was simply a brief discussion about whether a downward adjustment would help to get interest rates down, which rightly concluded that it would not, since it would simply arouse the fear of a series of devaluations, French style. After that, silence in the City.

The rate was chosen, endorsed by both the main British political parties, and thereafter the subject was unsuitable for polite conversation. The rate might be uncomfortable, but to question it could only make matters worse (as if the markets could not do their own sums). This self-imposed taboo seems to have been as complete as that imposed by Mr Harold Wilson ahead of the 1967 devaluation.

Now it has been broken, thank goodness, by the National Institute for Economic and Social Research in its current Review. The genie is out of the bottle, but its escape has not caused any flurry in the markets, which, after all, impose an interest rate penalty on sterling just because the question is clearly not quite closed. No harm done, you might think.

In the long run, though, it could make life still more difficult for the Treasury, since it provides a rational basis for questioning British policy. This is not as simple as you might think, because arguments about exchange rates tend to hit the buffers when defenders of a given rate argue:

A. That there is no such thing as a "right" rate, but just a difference of opinion.

B. That even if the real rate of exchange is thought to be wrong, there is nothing to be done about it, since it is a market rate.

However John Williamson, a British economist working in Washington, who has down the years written more sense about exchange rates than all the official economists in London put together, explodes both these arguments, and does so with the hoist with your own petard approach; he uses essentially market criteria.

How do you judge whether an exchange rate is adequately competitive? Not by arguing as Treasury ministers like to do (and as Harold Wilson did in his time) that our exports are competitive. Are they adequately profitable? Not by arguing, as the CBI likes to do, that our labour costs are not out of line. This is like arguing that British athletics is competitive because one Scottish woman and a relay squad got golds, when the question is how many athletes win medals. Our manufacturing sector may be too small.

Purchasing power parity, which would make the price of a mythical basket of goods the same the world over, is no help either, although many economists (the Goldman Sachs team, for example) argue as if rates were always trying to reach it. Countries which are strong internationally, whether through natural resources or skill or sheer financial cunning, will tend to be comparatively expensive to live in, since ordinary barbers and market gardeners share in the prosperity through high prices and incomes. Remember your last cup of coffee in Tokyo or Zurich?

You cannot even, according to Williamson, argue from the balance of payments. Some fast-developing economies import capital (and thus run a current deficit) for many years on end, and others export capital (the Japanese, for example, saving for an ageing population). The test is subtler – a sustainable capital account (and thus current account) at a sustainable rate of growth.

Britain pretty clearly fails this test. Even in a deep recession, we need to attract hot money to finance our routine outward investment; in any recovery we will have to pull in more, at higher interest rates. That is not sustainable in the financial sense. We have played this gnome game before, and it ends in collapse. Nor is it sustainable in Williamson's delightful political definition: "A path that can be followed without surprises that would make agents wish *ex post* that they had acted differently." Mr Major's life seems full of such surprises.

This suggests that some day he or a successor will act differently. The aim, on Williamson's figures, would be a real devaluation of 11 per cent; others might give or take a few points. There are two questions for the reader: do you agree, and do you think this probability is discounted in today's market? My answers would be Yes and No, respectively.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	22	72
Algiers	S	32	90
Amsterdam	S	27	81
Athens	F	25	77
Bahrain	S	36	97
Bangkok	F	33	91
Barcelona	F	25	77
Beirut		-	-
Belfast	S	22	72
Belgrade	F	23	73
Berlin	F	23	73
Biarritz	F	22	72
Bombay	F	29	84
Bordeaux	F	23	75
Boulogne	C	21	70
Brussels	S	27	81
Budapest	F	23	73
Buenos Aires	R	11	61
Cairo	F	31	88
Cape Town	S	19	66
Caracas	C	27	81
Casablanca	S	26	79
Chicago	S	16	61
Cologne	S	27	81
Copenhagen	F	[illegible]	[illegible]
Corfu	S	28	82
Dallas	C	23	73
Dublin	S	20	68
Dubrovnik	S	29	78
Edinburgh	S	17	63
Faro	S	28	82
Florence	S	27	81
Frankfurt	S	27	81
Geneva	F	20	68
Gibraltar	S	31	88
Glasgow	S	19	66
Helsinki	S	21	70
Hong Kong	F	30	86
Innsbruck	S	25	77
Inverness	S	19	66
Islamabad	F	31	88
Istanbul	R	17	63
Jakarta	F	33	91
Jersey	F	17	63
Johannesburg	C	12	54
Lima	C	19	66
Lisbon	S	26	79
London	S	27	81
Los Angeles	S	17	62
Luxembourg	S	25	77
Madeira	F	29	82
Madrid	S	28	82
Majorca	F	31	88
Malaga	S	31	88
Malta	S	29	84
Manchester	S	22	72
Manila	C	30	90
Melbourne	C	12	54
Mexico City		-	-
Miami	F	27	81
Milan	S	25	77
Montreal	S	10	50
Moscow	F	19	66
Munich	S	23	73
Nairobi	C	15	59
Naples	S	28	82
Nassau	C	29	78
New Delhi	F	31	88
New York	S	15	59
Nice	F	23	73
Nicosia	S	27	81
Oporto	S	22	72
Oslo	S	23	73
Paris	C	20	68
Peking	T	28	82
Prague	S	21	70
Reykjavik	R	8	46
Rhodes	S	27	81
Rio de Janeiro	R	31	28
Rome	S	[illegible]	63
Salzburg	S	24	75
San Francisco	C	15	59
Seoul	F	30	86
Singapore	T	25	77
Stockholm	S	25	77
Strasbourg	S	27	81
Sydney	S	17	63
Taipei	F	34	93
Tangier	S	27	81
Tel Aviv	F	28	82
Tenerife	C	27	81
Tokyo	S	31	88
Toronto	S	10	50
Tunis	C	33	91
Valencia	F	28	82
Venice	S	25	77
Vienna	S	23	73
Warsaw	F	23	73
Washington	S	18	64
Zurich	S	25	77

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Monday September 2 1991

INSIDE

Greyhound back on track

Greyhound Lines, the US bus company forced into the protection of the bankruptcy courts by a violant lahour dispute last yaar, is about to emerge from bankruptcy. Martin Dickson reports. Page 17

Looking for a sign

Much ot the US credit market thinka the US Federal Resarva is about to ease monatary policy again. The triggar could be tha releasa this coming Friday of tha latest employment statistics, which will giva a pointar to the strength of the economy in August. Martin Dickson reports. Paga 18

Hong Kong toughens stance

New laws come into forca today in Hong Kong to force controlling shareholders and directora of listed companies to make fuller disclosura of their shareholdings and incraasa penaltias for insidar dealing. Its main impact is likety to ha during contested takeovars and sharaholder votes. Angus Foster reports. Page 20

Liberty finds a white knight

Liberty, the UK dapartment store group, said it would accept an offar by its Japanese partner, Seibu, to step in as a whita knight. The group, with its distinctive main branch in London's Regent Street (left), has heen bracing itself for a protracted siage since it was ravealed that Mr Brian Myerson, an expatriate South African investor, was behind a dawn raid threa weeks ago. Page 16

On line for insurance

Six years ago the Royal Bank of Scotland stumped up £20m ($33.6m) to help former insurance broker, Mr Peter Wood, establish a new insurance subsidiary, Direct Line, aelling insurance by telephone. Royal Bank's executives ara now enthusiastic converts to direct responsa and their subsidiary is the leader in tha market for telesales. Page 16

Receivership threat to Brent Walker

By Robert Peston in London

POWER Corporation, the Irish property developer, has heen threatening to put Brent Walker into receivership. This threat led indirectly to the allegation that a key letter, promising financial support to Brent Walker and purporting to be written hy Power Corporation's chairman, had been forged.

The allegedly forged letter is at the centre of the Serious Fraud Office's investigations into Brent Walker, which hegan last Wednesday st the request of the troubled leisure group.

For a year Power and Brent Walker have heen in talks to unwind their property joint venture, Walker Power. In April, heads of agreement were signed to split Walker Power's assets between them hut the deal was not completed.

Power became impatient and in the past few weeks it has threatened, as 50 per cent owner of Walker Power, to call in Walker Power's loans to Brent Walker. It also warned it could invoke a guarantee given hy Brent Walker to cover shortfalls in Walker Power's property rents. In effect, it was threatening to put Brent Walker into receivership.

Power helieves its interests could be served if Brent Walker went into receivership, because a receiver might unscramble the venture more quickly than Brent Walker's management.

Bnt Brent Walker thought Power's threats were empty. It has a letter, apparently signed on November 20, 1990, hy Mr Robin Power, chairman of Power and managing director of Walker Power, promising that Walker Power will maintain financial support to Brent Walker.

The letter says that Mr Power concurs with a letter written the day before hy Mr George Walker, then chief executive of Brent Walker and chairman of Walker Power. Mr Walker's letter waives Walker Power's rights to call in loans and invoke guarantees.

The waiver was a condition of agreement from Brent Walker's banks that they would not call in their £1bn of loans. Mr Walker believed he had tha authority to give the waiver hut Hill Samuel, Brent Walker's merchant hank adviser, insisted that Mr Power also give his agreement, because of Power Corporation'a hig stake.

Forensic experts have now discovered that Mr Power'a signature is not authentic.

Mr Walker, deposed as chief executive at the end of May, said be had been convinced the letter was written hy Mr Power. He said a copy of the letter was sent to Mr Power's lawyer within weeks of it arriving and he could not understand why Mr Power had not disowned it earlier.

Tetra Pak believes it has a role to play in the new Soviet Union, writes **John Thornhill**

Unpacking a fresh challenge

Mr Hans Rausing, the Swedish businessman who heads the Tetra Pak Alfa-Laval food processing and packaging group, has found s fresh challenge in life.

Apart from taking a more active role running the group since Tetra Pak's SKr16.25bn ($2.5hn) acquisition of the Alfa-Laval food processing equipment company earlier this year, Mr Rausing believes he can help develop the Soviet Union's food distribution system.

Mr Rausing, 65, who has built Tetra Pak into one of the world's most innovative and successful packaging companies, well understands the prohlems of the Soviet market: he speaks Russian and has regularly visited the country since 1958.

He is convinced that the company can play an important role in improving the quality of Soviet life – as well as firmly entrenching itself in a vast and largely untapped market.

Mr Rausing could serve as a role model for ambitious Soviet entrepreneurs: in 40 years he has helped to build Tetra Pak into one of the world's biggest packaging companies.

The company is still wholly-owned by the Rausings making them one of Europe's richest families. Estimates of their wealth range from $3.5bn to almost $10bn although this is somewhat notional as the family has no intention of selling and ploughs all its dividends back into the company.

Sitting outside the modest fisherman's cottage in Sweden that serves as his summer house, Mr Rausing says it is a moral imperative and an economic necessity to provide financial assistance to the Soviet Union. "Without food and withont other consumer products the Soviet Union will remain unstable and dangerous," he says.

He believes aid should be targeted at removing the hottlenecks in the Soviet economy to unleash its productive forces.

"The investment must be specific. It is not a question of a little company investing here or there. What we are looking at is a massive release of productive forces in the country and that means wa must remove the bottle necks."

Mr Rausing is clear where the prohlems lie in food distribution and believes that the company's combined expertise can play a hig role in relieving them. Indeed, Tetra Pak is already heavily committed to doing so.

Tetra Pak's particular expertise is in the field of liquid food packaging where it has kept a technological edge since 1951 when the company's founder - and Hans's father - Mr Ruben Rausing invented the tetrahedron carton. Last year the company produced and distributed 57bn cartons to more than 100 countries.

Tetra Pak has invested SKr1.5bn in three joint ventures in the Soviet Union: in Lipetsk, Podolsk and Kiev. It also plans further investment of more than SKr2bn making it one of the biggest western investors in the region.

Mr Rausing says proper packaging and the effective maintenance of machinery could save mnch wasted food in the Soviet Union. And he estimates almost half the food produced in the country never reaches the consumer.

"I have seen a dairy in the Soviet Union which had been running at only half capacity for six weeks and all because of a lack of a spare part worth $200," he says.

Mr Rausing says investment in the Soviet Union makes commercial sense. For a comparatively small outlay he says that Tetra Pak can win a sizeable share of a potentially buge market. "If you were to try to achieve that same market share in the US it would cost you 10, maybe 100, times more," he says.

He recognises the threat that the political disintegration of the Soviet Union poses to western investments hut argues that, whatever constellation of national governments emerges, there will always be a need for food distribution expertise.

Mr Rausing says western joint ventures have a crucial role in transferring expertise to the Soviet peoples and believes commercial loans should be channeled through these joint ventures.

Western governments could provide the loans in hard currency to be repaid in rouhles – the collapse of Soviet exports making it impossible for the conntry to generate sufficient hard currency for the foreseeable future, according to Mr Rausing.

He sees Tetra Pak as a prime candidate for such loans. "I can achieve a certain result with the means of Tetra Pak but if we are talking abont large quick improvements in tha food supply we need more money.

"Tetra Pak is trying to remove the bottle necks in packaging and Alfa Laval can relieve the bottle necks in the baby food industry. There is a lot of capacity that can be utilised. Tetra Pak can use $1bn a year for five years," he says.

Hans Rausing: hoping to help the Soviet Union develop its food distribution system

Many of Tetra Pak's competitors would no doubt feel uneasy about such financial assistance being given to the company considering its aggressive reputation.

In July, the European Commission fined the company a record Ecu75m ($88.7m) for abusing its dominant market position in western Europe claiming Tetra Pak bad pursued a "deliberate policy aiming to eliminate actual or potential competitors."

Mr Rausing denies the charge and says Tetra Pak will appeal against the fine. He believes the charge has no relevance to its investment plans in the Soviet Union. He sums up his philosophy of business: "Every company is run to make a profit. If it does not it will die. Bnt it has to supply some kind of service to the benefit of society."

Jardine on course to float subsidiary

By Richard Lapper in London

JARDINE Matheson, the Hong Kong-based trading gronp, has appointed a merchant bank and a stockbroker to handle the flotation of its subsidiary, Jardine Insurance Brokers, in the autumn.

The flotation valnes Jardina Insurance Brokers at between £150m ($252m) and £200m.

Robert Fleming, the merchant bank, and Cazenove, the stockbrokers, will work with Jardine, which is seeking tn sell just under under half of its subsidiary.

Jardine employees will be offered priority access to a percentage of the shares on offer.

The move will be the latest in a string of overseas listings hy the Jardine Matheson group.

In the past 15 months four snbsidiaries – Jardine Strategic Holdings, the hotel group, Mandarin Oriental International, the property company, Hongkong Land, and the retailer Dairy Farm International - have been listed in London and New York.

The group is also negotiating with the Hong Kong anthorities to mnve its primary listing to London in the face of political uncertainty in Hong Kong in the run-up to 1997 when sovereignty over the colony returns to China.

JIB expanded its wholesale, reinsurance and retail brokerage during the 1980s, acquiring a number of brokerages in the UK, the US, Australasia and Hong Kong.

Led hy chief executive, Mr Jnhn Barton, Jardine handles annual premiums of more than £1bn and employs around 3,600 people.

In 1990 revenues from brokerage commissions and investment income amounted to $320.6m of which $276.3m came from hrokerage fees and commissions and $44.3m from other income, including investment income. Pre-tax profits amounted to $32.7m.

This performance ranks Jardine among the leading ten 10 brokers in the world and among the top five in the UK.

The offer is expected to ease access to capital markets, allowing JIB to press ahead with expansion at a time when prospects for the insurance broking sector are reasonably hright.

Rates for commercial insurance and reinsurance remain soft in the US and Europe, hut are increasing in some parts of the market – especially in the London marine, aviation and reinsurance markets, where Jardine has a strong presence.

Economic Notebook

Reversing the flow of funds from Japan

JAPAN'S role as leading banker to the world has been hlunted this year. The buge tide of long-term funds that Japan invested overseas during the 1980s has begun washing home again.

Japan's long-term capital account was in the hlack hy $7.78hn in the first seven months of the year, the first surplus since 1980.

The abrupt, and enormous reversal of capital flows – Japan exported more than $130hn annually between 1986 and 1988 – seems surprising since it is happening just as Japan's current account surplus is leaping up.

Japan's cumulative surplus in the first seven months of the year rose hy 94 per cent during 1990 to $33.97bn. Other things being equal, the large current account surplus should make it easier for Japan to invest abroad.

In response to critics of its current account surplus, in years past, Japan could always say the country was playing a constructive role hy recycling the surplus and adding extra savings generated in Japan.

In 1988, for example, when Japan's current surplus was $79.6hn, its long-term capital halance was $130.9hn in the red.

Japanese investors played an important part in supporting the US hudget deficit hy buying US government bonds and they have bought foreign corporate bonds and shares by the billions.

With the US having become the world's biggest dehtor nation, and with Germany's surplus of funds absorbed hy the cost of reunification, Japan was at least expected to have a capital surplus that could, for example, support the reconstruction of eastern Europe or even the US economic recovery.

Instead long-term capital is pouring back into Japan. Why? The simple answer is that the raturns on capital in Japan look more attractive than elsewhere in the world.

The complex answer is that Japan is passing through an extraordinary process of readjustment following the financial excesses of the 1980s.

While economists see the simultaneous surpluses in the current and long-term capital accounts as an aberration that will he corrected hy market forces, no one knows when, or with what magnitude, the tide of investment funds will go ont again.

One magnet for investors has been the high level of Japanese interest rates relative to inflation, which has made bond yields attractive.

The Bank of Japan pushed up the official discount rate in five stages from May 1989, and cut it for the first time by half a point to 5.5 per cent on July 1.

Daspite the high rates, demand for credit throughout the economy remains strong as Japanese companies struggle to keep investment programmes on track.

Most have been willing, so far, to pay the extra cost. Banks are under pressure to meet capital adequscy requirements of the Bank for International Settlements, and this has caused them to hring funds home and to be cautious about lending.

These pressures have been disastrous for the Japanese stock market. While major markets elsewhere in the world are tonching record highs, the Tokyo Stock Exchange is limping along roughly 45 per cent below peak levels.

Yet this has caused an inflow of capital for two reasons: domestic institutions have had to repatriate capital to cover losses in the market, and foreigners have seen in this an opportunity for bottom fishing.

Foreign net purchases of Japanese equities in the first seven months of the year came to $23.27hn, compared to net sales of $9.94bn last year. For stocks and bonds together the purchases came to $60.24hn, ahont four times last year's total for the same period.

Japanese purchases of foreign securities are roughly in line with recent years, although bonds are favoured over equities.

Underlying these large shifts is the unstoppable momentum of the real economy, which the Bank of Japan is trying to tame without killing. The remarkable strength of that momentum was illustrated in a recent Bank of Japan hulletin on the flow of funds for 1990.

Japanese corporate investment rose from 15.9 per cent of GNP in 1989 to 18 per cent in 1990, hut during the same period, retained earnings plus depreciation fell from 11 per cent to 9.9 per cent of GNP. This pushed the gap between corporate sector savings and investment to 8.1 per cent of GNP.

In total the corporate sector financial deficit reached Y38,680hn. This was 9.0 per cent of GNP, the highest since 1961, when Japan was more akin to a developing economy, and the second highest on record.

The gap has put enormous financial pressure on Japanese companies, hut the thirst for capital is still huge and one resnlt has heen to suck in money from overseas.

A range of other statistics illustrate that 1990 was an important turning point. For the first time in 16 years both the amount of new capital raised and invested hy the non-financial sector shrank as a percentage of GNP.

Also for the first time in 16 years, the value of tradeable financial assets held hy the non-financial sector fell, mainly as a result of the stock market crash. External transactions fell.

Many of these financial chickens have come home to roost this year. As a result, in part, of capital flowing into Japan, the yen has gone up in value, contributing directly to tha rise in the current account surplus hy making imports cheaper and exports more dear.

In monetary value and in proportion to GNP the current surplus had fallen steadily since 1987. This trend has now reversed, with dangerous implications for incressed trade friction.

Although the government stresses that temporary factors such as currency fluctuations and the price of oil lie behind the rising surplus, Jspan has also become more competitive internationally as a result of all that investment and the surplus could rise further as economic recovery gets underway overseas.

Indeed investment aimed at saving labour and improving technology has continued at a hrisk pace. The economic logic suggests that with the yen strong and the economy cooling, Japanese interests rates will soon come down again.

Coupled with a recovery in the US economy, and improved investment opportunities elsewhere, long-term capital should again begin to flow out of Japan.

But the huge capital exports of the 1980s seem unlikely to be repeated, just as it is unlikely that Japan's current account surplus can continue its straight-line descent.

Steven Butler

GEC unit in drive for exports

By David White, Defance Correspondant

GEC-MARCONI, the defence side of the General Electric Company, is reorganising its naval husiness in a hid to hreak into export markets and secure British warship contracts.

It is setting up a new company to manage projects and hring together naval activities with turnover of almost £1bn ($1.68hn) a year, a third of GEC-Marconi's total sales. It aims to hid for complete ship systemsinclnding the ship itself and its radar, electronics, communications and weapons.

The new company, GEC Naval Systems, is headed hy Sir Robert Easton, formerly chief execntive of GEC-Marconi's Scottish shipyard subsidiary, Yarrow Shiphuilders. It will control the shipyard and another new snbsidiary, GEC-Marconi Combat Systems.

It will pull together all the gronp's naval electronics interests including former parts of Plessey and Ferranti International taken over hy GEC since 1989.

The group aims to establish an advantage over its UK rivals in future naval procurement contracts, which include a planned new air-defence frigate being jointly studied hy the UK and France.

● Oman is to buy twn warships from the UK's Vosper Thornycroft shipyard in a deal worth more than £150m.

A letter of intent to purchase two 83-metre Corvettes is due to be issued today at the start of the Royal Navy Equipment Exhibition in Portsmouth.

A similar deal for twn Corvettes is also close to being signed between Malaysia and Yarrow Shipbuilders.

Liberty would accept bid by Japanese if attacked

By Michiyo Nakamoto

LIBERTY, the high street retailer which faces stake-building by a South African investor group, said that in the event of a hostile bid, it would accept an offer by its Japanese partners to step in as a white knight.

The UK department store group, with its flagship in London's west end, is bracing itself for a protracted siege after it was revealed that Mr Brian Myerson, an expatriate South African investor, was behind a dawn raid three weeks ago that lifted the shares 17 per cent on the day.

Liberty believes Mr Myerson holds around 35,000 of the voting shares, or less than one per cent, and around 70,000 of the non-voting shares.

That holding is not large enough to pose a threat to the group while over 50 per cent of its shares are controlled by members of the founding family.

However, Mr Myerson was responsible for a similar raid last year on Aquascutum, the classic clothing company, which eventually led to a recommended bid for the group by Renown, the Japanese clothing group.

He was also, until 1989, a major shareholder in Oceana Investment Corporation, the South African group which recently launched a hostile bid for Etam.

Although Mr Myerson was not planning to bid for the group, he wants to acquire more shares in a company he believes is undervalued, according to a spokesman.

In his raid three weeks ago Mr Myerson was able to acquire only about 10,000 shares.

The only sizeable stake unconnected to the founding family members, is the 20 per cent held by the Merchant Navy Officers Pension Fund.

Although Liberty has a two-tier share structure like Aquascutum, its articles provide non-voting shareholders with far fewer rights than Aquascutum's did. It would therefore not be vulnerable to a similar challenge from non-voting shareholders as that which eventually led Aquascutum to seek a white knight.

Liberty said yesterday that if a hostile bid were nevertheless to materialise, it was only natural for it to seek the help of Seibu, the Japanese group with which it has had a long trading relationship.

"We've known them for a long time and if they were to come to us saying are you interested , our answer would probably be yes," he said.

The Japanese group has been kept fully informed of the situation, Liberty said.

Losses at SEET widen to £1.25m

Losses at SEET, the clothing fabrics and mohair products group, widened from £335,862 to £1.25m pre-tax for the year to end-April. Turnover fell from £8.15m to £5.94m.

Interest charges rose to £215,040 (£175,345), exceptional provisions accounted for £150,561 (nil) and the share of profit of the associate fell from £154,582 to £67,912.

The Harris Tweed side of the business experienced a further sharp downturn and in the US Homemaker Shops, in which SEET has a 46 per cent holding, returned lower profits than were projected at the time of acquisition.

Both SEET and the majority shareholder to Homemaker have agreed to realise their interests in the company.

SR Gent warns of a sharp fall in profits

SR GENT, a clothing manufacturer which supplies Marks and Spencer, has warned of a £4m drop in profits to around £1m pre-tax for the year ended June 30 1991.

The directors said sales had become more difficult in a deteriorating climate.

A review of production resources was being carried out which they said was likely to result in job losses and closure of some manufacturing units. Talks were also taking place about the closure of activities in Australia and the US.

The estimated cost of these measures were expected to be about £2m and would be provided for in the 1990-91 accounts as extraordinary items.

The directors forecast a total dividend down from 3p to 2p per share with a final of 0.75p.

Guernsey Gas Light advances

Guernsey Gas Light Company, Guernsey's only mains gas company and leading supplier of bottled gas, announced a 27 per cent rise in pre-tax profits from £1.95m to £2.48m for the six months to June 30 1991.

The interim dividend is held at 0.9p, payable from earnings of 3.45p (2.77p) per share.

Turnover improved from £53.3m to £62.2m. The company's shares are dealt under Rule 535 (2).

Bank that underwrote a recipe for success

Richard Lapper on Direct Line's revolutionary insurance selling formula

SENIOR OFFICIALS at the the Royal Bank of Scotland admit that they took a flyer when the bank stumped up £20m to help former insurance broker, Mr Peter Wood, establish a new insurance subsidiary, Direct Line, in 1985.

Mr Wood's concept of selling insurance on the basis of direct telephone response to carefully targetted media campaigns was revolutionary in a market where distribution has traditionally been dominated by independent brokers.

And Mr Wood's recipe for underwriting seemed ahead of its time. Using specially-developed software programmes, the same telephonists would input into their computer terminals data based on customer's answers to a series of simple questions and offer instant insurance quotes.

Yet six years on Royal Bank's executives are enthusiastic converts to direct response. Their subsidiary is the market leader in the growing market for telesales. And with more and more British consumers becoming used to the idea of buying their insurance over the telephone and telephone-linked computer sales becoming more sophisticated, the Royal Bank investment looks farsighted.

The bank's decision earlier this month to pump in an extra £24m into its rapidly growing subsidiary signals confidence in one of the few growth areas of the depressed British insurance industry.

At a time when the traditional composite companies like Royal Insurance and Sun Alliance are reporting record losses Direct Line is making money, increasing its share of the market for motor and home insurance and gearing up for further growth.

Direct Line's premium income is expected to be around £120m for the year to September 30, some 50 per cent more than in 1989-90. Profits in the 12 months to September 30 last year amounted to £9.1m. There could be a dip this year but the group still expects to be in the black – unlike its biggest competitors.

Analysts believe that if the bank chose to sell Direct Line it could recoup its total investment to date of around £62m, three times over.

Competitive pricing is one element in the story. Although their contention is bitterly disputed within the industry, Direct Line insists that the cost of distributing insurance by mass media advertising and telesales is cheaper than by brokers.

Motor insurers pay commissions of between 10 and 20 per cent to brokers generating their business, while home buildings insurers can pay commissions of more than 30 per cent to the banks and building societies that dominate that corner of the market.

By contrast Direct Line's only acquisition costs are incurred in its advertising campaigns, which amount to less than 10 per cent of premium income, says Ms Jane Dickson, Direct Line's company secretary. The savings are particularly pronounced when taking into account year on year renewals of insurance policies. Brokers receive the same commission each time they renew a policy but for Direct Line renewal costs are minimal.

Moreover since brokers are duty bound to shop around on behalf of their customers, companies can end up losing customers relatively easily. AA Insurance services, one of the biggest broker chains, admit that broker generated business tends to be more volatile.

Ms Dickson says at least four out of every five Direct Line motor policyholders renew their policy at the end of each year – compared to an industry-wide average nearer one in two.

Tony Andrews

Chris McKee, a director at the Direct Line sales office in Croydon

However, Direct Line places much more emphasis on the degree to which the telesales and computer-based underwriting allow its to more control than traditional insurance methods. Direct Line frequently charges above average rates for risks that it does not want – motor insurance in inner city areas, for example, effectively excluding much loss producing business from its books.

"If you are a direct writer you have a better idea of what risks you are writing," says Mr Chris Pountain, analyst with Morgan Stanley. Direct Line is able to "cream" the market, adds Mr Tom Bennett, an analyst with Banque Paribas Capital Markets.

The company accepts payment only by credit card or direct debit which allows it accordingly to employ far fewer accounting staff. Overall, Direct Line has been able to achieve underwriting results that are the envy of its bigger competitors. In the year to September 30 its operating ratio (the yardstick that measures premium income against claims and expenses) was under 100 per cent, well below the industry average. Most companies compensate for underwriting losses with investment income. For Direct Line investment simply swells profits.

Costs elsewhere are pared to a minimum. Labour organisation is flexible and telephones are staffed in line with expected demand. Many of Direct line's telephonists in Croydon work a week of three 12 hour days, for example, and the company's telephones are staffed from 8am to 8pm every day, in sharp contrast to many traditional insurance companies which close their doors firmly at five o'clock in the afternoon.

Direct Line is one of the few examples of a company where technology is being deployed in an effective way, says an executive at the Royal Bank. "It takes out a whole layer of middle management. Data comes up through the organisation directly to senior management allowing the people at the top to drive the machine."

But perhaps the clearest indication of the company's success is the way it has been spawning imitators. The most successful, Churchill, a subsidiary of the Swiss insurance giant, Winterthur, is headquartered at Bromley, only a few miles from Direct Line's Croydon headquarters.

Churchill was set up by Mr Martin Long, who left Direct Line and persuaded Winterthur to invest £30m in Churchill in 1989. The company, which operates in much the same way as Direct Line, claims a 2 per cent share of the UK motor insurance market, is planning annual growth of 100 per cent and expects to be in in the black by 1993.

Three other insurers Royal Insurance, General Accident and Eagle Star have set up their own direct sales subsidiaries (The Insurance Service, GA 121, and Eagle Star Direct) alongside existing sales via networks of brokers.

Mr Stephen Bird, analyst with Smith New Court, estimates that direct writers already write between 12 per cent and 15 per cent of the motor market. Mr John Ginarlis, an analyst with PA Consultancy, reckons that the direct writers will could account for as much as 50 per cent of all personal lines insurance sales within five years.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Orient Corp (Japan)	Orient Aon Life Insurance (Japan/US)	Insurance	£44m	Buying out US partner
NMB Postbank (Nederland)	GDS Leasinter (Spain)	Leasing	£30m	Agreed sale
IBM (US) Tatas (India)	JV	Computers	£25m	Testing foreign investment rules
Fujitsu (Japan)	Hal Computer Systems (US)	Computers	£24m	Investment in start-up
Burmah Castrol (UK)	Dryden Oil Co (US)	Lubricants	£17.8m	First big buy since Foseco
Asahi Glass (Japan)	Cookson Plibrico (UK owned)	Refractory goods	£18.6m	Cookson completes re-shaping
MA Acquisition Corp (US)	Unit of Ferranti International (UK)	Explosives	£9m	Another Ferranti disposal
Plumrose (Denmark)	Venezolana Empacadora (Venezuela)	Meat products	n/a	Sale by Philip Morris
Anglo-American Corp (S Africa)	Normandy Poseidon (Australia)	Mining	n/a	Stake lifted to 19.9%
TI Group	Bellab (US)	Precision products	£8.4m	Agreed in principle

Source: FT Mergers & Acquisitions International

Last week's new cross-border activity featured a number of smaller strategy-driven transactions and non-core disposals, writes Brian Bollen.

Fujitsu's purchase of 44 per cent of Hal Computer Systems is the latest in a series of moves by the Japanese company to broaden its access to western markets via acquisitions. The move will give Hal, a start-up Californian company, access to Fujitsu's technology, patents, systems designs and sales network.

The acquisition of Dryden Oil Company, the biggest independent commercial lubricants company in the US, is Burmah's first significant transaction since it bought Foseco last December. Burmah said its US subsidiary Castrol Inc has the expertise to use the acquisition as a springboard to profitable expansion in the sector.

Specialist engineering group TI took another small step in its planned expansion, agreeing to buy Pacific Scientific's Florida-based Ballab division.

Danish-owned Plumrose bought its biggest competitor in Venezuela, Venezolana Empacadora, from the Philip Morris group. The latest of a growing list of disposals by Ferranti International, the troubled defence and electronics group, is the warheads and explosives business of its US-based Marquardt Co. Ferranti is still looking for buyers for the rest of Marquardt.

UK industrial materials group Cookson is approaching the end of its disposals programme. It said the sale of its 80.4 per cent interest in Cookson Plibrico, Japan, and Plibrico's other international businesses, would mark the end of the group's reshaping which was launched to cut debt and concentrate on core long-term business.

Mitsubishi Motors forms European assembly plant

By Kevin Done, Motor Industry Correspondent

MITSUBISHI Motors is to become the fifth Japanese car maker to establish a car assembly base in Europe.

It signed a final agreement at the weekend to take a one-third stake in the Dutch car prodncer, Volvo Car, which hitherto has been owned 70 per cent by the Dutch state and 30 per cent by Volvo of Sweden.

The deal is the first Japanese car transplant project to be agreed aince the European Community and Japan reached an accord at the end of July on Japanese car sales in the single European market.

The backing of Renault, the majority French state-owned car maker, was crucial to the weekend's agreement. It bas entered a strategic alliance with Volvo which gives both companies a veto on eacb other's deals with third parties.

The agreement also needed at least the tacit support of the French government, which holds an 80 per cent stake in Renault and which has been a fierce opponent of the expansion of the Japanese motor industry in Europe.

Renault will supply the engines and transmissions for Volvo'a part of the joint venture production.

Mitsubishi joins the ranks of Nissan, Toyote, Honda and Suzuki, which are all establishing car plants in Europe. The development of local prodnction capacity will allow the car makers to increase rapidly their European market share.

Volvo Car is to be re-named Ned Car. It will be owned one third by Mitsubishi Motors, one third by Volvo and one third by the Dutch state. As part of the agreement tbe Dutch government can sell its remaining stake to the two car makers in equal shares in 1998.

Ned Car, which will begin operations by December 1, will build a production capacity of 200,000 cars a year at the Volvo Car plant at Born, with output beginning after 1995. It will continue to produce the Volvo 400 series.

Volvo said the Ned Car project, which will include car design and development, engineering and production operations, could involve an investment of more than Fl 3bn ($1.53bn).

The new company will have an initial equity capital of Fl 550m. Mitsubishi Motors is to pay the Dutch state Fl 220m for its one third atake and Volvo will pay Fl 20m to increase its 30 per cent stake to one third.

Greyhound to come out of bankruptcy

By Martin Dickson in New York

GREYHOUND Lines, the US bus company which was forced into the protection of the bankruptcy courts by a violent labour dispute last year, is about to emerge from bankruptcy.

A Texas Federal judge approved a reorganisation plan on Friday which allows Greyhound – the only US national inter-city bus network – to settle with creditors.

The plan involves creditors getting about 37 cents on the dollar of the $539m of debt the company owed when it sought Chapter 11 protection. Tbe creditors will also receive 95 per cent of the new stock Greybound plans to issue before the end of October.

The hus company, whicb was the subject of a 1987 leveraged buy-out from the Dial Corporation, remains in dispute with the Amalgamated Transit Union, whose strike in support of higher wages and better conditions for Greyhound's drivers prompted the Chapter 11 filing.

The union has been seeking $120m in back pay and the reinstatement of striking drivers.

Greyhound remained in operation througbont the strike and bankruptcy with a reduced service, but lost $195m last year, some $89m from operations and $57m from the costs of bankruptcy.

In reorganisation papera filed in July, it forecast that its revenues would grow to $915m in 1995 from $791m in 1992.

Moody's reviews Tokyo ratings

By Emiko Terazono in Tokyo

MOODY'S, the US credit-rating agency, baa placed the long-term ratings of three Japanese banks – Mitsui Taiyo Kobe Bank, Sanwa Bank and the Long-Term Credit Bank of Japan – under review for possible downgrades.

Tbe agency said it would review the banks' loan portfolios, namely their real-estate lending and other high-risk exposures.

The move, which follows the recent downgrading of Industrial Bank of Japan and Norinchukin, from Aaa ratings, reflects the problems whicb Japanese banks face after the era of easy credit of the late 1980s.

The rating agency said that the poor profitability, vulnerability of asset quality and weak capital base of Mitsui Taiyo Kobe, currently rated at Aa3, had prompted its review. Mitaui Taiyo Kobe's real-estate asset exposures and its lending policies and controls will be assessed.

Moody's referred to the Long-Term Credit Bank of Japan's domestic and overseas asset quality, which has deteriorated due to an increase in troubled property borrowers, and concerns over the effects of financial deregulation as reasons for the review of its A1 rating.

The agency, pointing to a deteriorating asset quality, added that Sanwa Bank'a Aa1 ranking would be reviewed in the light of its loan underwriting standards and internal controls.

Salomon law firm quits investigation of scandal

By Martin Dickson

WATCHTELL, Lipton, Rosen & Katz, the law firm hired by Salomon Brothers in July to investigate the group's violation of Treasury bond market rules, has resigned the position.

Salomon said that the move did not reflect adversely on the work done by Watchtell, Lipton, which had been of critical importance to Mr Warren Buffett, the firm's new chairman. He has the job of cleaning up Salomon's trading practices and image.

Watchtell, Lipton, it added, had repeatedly offered to resign following Mr Buffett's appointment as chairman in August, hnt Mr Buffett had asked it to stay on to finish its investigation. No comment was available from the firm.

Salomon has faced questions about the law firm's role since it emerged that several weeks elapsed between its hiring by Mr John Gutfreund, the Salomon chairman who resigned because of the scandal, and the reporting of Treasury auction violations to government authorities.

Hong Kong toughens share laws

By Angus Foster in Hong Kong

NEW LAWS come into force today in Hong Kong which force controlling shareholders and directors of listed companies to make fuller disclosure of tbeir sbareholdings, and increase the penalties for insider dealing.

The Securities (Disclosure of Interests) Ordinance, which is based on legislation in the UK, forces any shareholder to disclose a shareholding of 10 per cent or more, and every 1 percentage point change. Companies are allowed to make enquiries into the identity of shareholders and report findings to the regulators.

The rules for directors and chief execntives are more onerons. All sbare dealings have to reported and will be pnblished by tbe stock excbange. Directors are also assumed to be interested in shares beld by spouses and children.

The law was passed in 1988 but has been delayed pending other changes. Its main impact is likely to be felt during contested takeovers and sbareholder votes. "If it works properly, it will cbange things quite drastically," according to Mr Stephen Clark, director of Anglo Chinese Corporate Finance.

The legislation clarifies the definition of insider dealing and toughens the penalties for offenders. They are liable to lose their profits or avoided losses and face fines of up to three times the amount. They can also lose their right to hold directorships or manage companies for up to five years.

Bnt the ordinance was watered down following complaints that it was too draconian. Insider dealing is still not classified as a criminal offence, althongh offenders who falsify testimony to the insider dealing tribunal face up to six months' jail.

● Hong Kong's Futures Exchange today introduces a property contract based on the properties snb-index of the Hang Seng index. This is the second new contract to be launched this year in a bid to rekindle intereat in the exchange.

The coutract is based on nine local property companies, including Cheung Kong and Hongkong Land. Property shares are among the most actively traded in Hong Kong and the nine companies make up nearly 30 per cent of market capitalisation.

Skandia profits tumble

SKANDIA, tbe Swedisb insurance company, reported a 99 per cent drop in operating profits to SKr7m ($1.1m) for the first half of 1991, from SKr1.51bn a year ago. However, last year's resnlts included the SKr1.48bn sale of Skandia's headquarters building, writes John Burton in Stockholm.

Investment earnings more than doubled to SKr764m from SKr344m a year ago.

Despite writing down the value of its Swedish property holdings by 10 per cent, Skandia reported a rise in the value of property holdings in Spain and Portugal and an improved performance from its share portfolio.

Losses at its insnrance operations rose to SKr175m from a deficit of SKr88m a year ago. Skandia explained tbat premium levels were not sufficient to cover costs for claims and administration in several markets, while recent premium increases had not yet made a major impact on earnings.

Total premium income rose by 22 per cent to SKr15bn.

KHD repeats profit forecast

KLOCKNER-Humboldt-Deutz, the German eugineering and agricultural machinery maker, repeated that it expected to make a profit in 1991 despite a DM29m ($16m) loss in the first balf of tbe year, Renter reports.

The company said that the economic slowdown in the US and most of Europe accounted for the higher than expected loss in the first half of 1991.

In 1990 it made a group net profit of DM30m, its first positive net result since 1986 wben extraordinary items allowed it to post a group net profit of DM28.6m.

The group said sales in the second half of the year were expected to surpass those in the first half, when they fell 2 per cent against 1990 to DM1.83bn.

KHD's optimism is based on the expectation that delayed orders would take effect in the second half of the year, and there would be a strong domestic economy, an increase in orders from tbe Gulf region and Algeria, and export markets would improve.

Bank of Brazil plans first rights issue for 15 years

BANCO do Brasil, Brazil's state-run bank, is planning to launch a $400m rights issue, its first in 15 years, writes Victoria Griffiths in Sao Paolo.

The funds will be used to strengthen the capital base of its foreign branches, and to reopen some of the 1,400 domestic branches closed this year by former president Mr Alberto Policaro. The hranches were shnt due to unprofitability.

The bank also announced a first-half net profit of Cr47.4bn or $108m at today'a exchange rates, a fall of 28.05 per cent in real terms on the same period last year.

Dividends were reduced to Cr5.40 from Cr5.65.

A long and crippling strike at the bank during the period was blamed for the profits fall.

The rights issue will offer a mix of voting and non-voting shares. The federal government, which controls 51 per cent of votes in the group, will purchase $115m of the new shares while existing shareholders will have first option on the rest.

Remaining abares will be floated on the country's stock exchanges.

The rights issue has to be approved by the federal government.

In addition to the issue, the bank said it would make a four-for-one stock split.

NRI TOKYO BOND INDEX

December 1983 = 100	29/08/91	Average yield (%)	Last week	12 wks ago	26 wks ago
	PERFORMANCE INDEX				
Overall	159.97	6.74	159.18	155.62	154.31
Government Bonds	157.68	6.53	157.17	153.29	152.26
Municipal Bonds	161.49	6.90	161.04	157.57	156.85
Govt.-guaranteed Bonds	164.07	6.97	163.60	160.29	159.14
Bank Debentures	156.25	6.75	156.05	152.71	151.04
Corporate Bonds	161.56	7.27	161.30	158.35	157.13
Yen-denom. Foreign Bonds	167.10	7.64	166.73	164.17	158.56
Government 10-year†	6.36		6.41	6.61	6.48

† Estimated par yield

Source: Nomura Research Institute

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Bullish inflation forecasts buoy prices

GILT prices were buoyed last week by reports from two leading groups of financial experts that inflationary pressures in the UK during the next year would be minimal.

With a strong performance in the US bond market, where prices rose steadily, the comments from the Organisation for Economic Co-operation and Development and the National Institnte of Economic and Social Research ensured that the gilt market continoed its rally of the past two months.

Since the end of June, yields of most gilt-edged securities have declined by between 30 and 60 basis points (between 0.3 and 0.6 percentage points), with the largest decreases spparent for longer-dated bonds. Last week, the trend continued, with yields being pushed down fractionally along the yield curve.

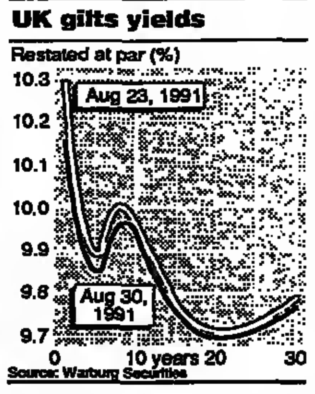
In its annual review of the UK economy, the OECD was bullish about prospects for low inflation and falling wage claims over the next year. "The settings of [UK] policy are now consistent with steady disinflation," it said, repeating the Treasury's forecast that the yearly rate of retail price *inflation is likely to fall* steadily, to about 4 per cent by the and of this year.

The report from the National Institute followed the OECD's line that the UK inflation picture was being helped by the disciplining effects of sterling's entry last October into tha European exchange rate mechanism. If anything, its message had a bigger impact on economic observers – given that the institute is an independent body, while the wording of the OECD's report was influenced *by Treasury officials, who were* allowed to review early drafts.

"In the medium term there is less prospect of renewed growth in unit costs [across the economy] due to the disciplines exerted by membership of the ERM," the report said. "Wage bargainers and price setters are likely to realise that any cost or price escalation will not automatically be validated by exchange rate depreciation."

Both organisations also underlined the general consensus among economic observers that the UK recession was probably near to its end, but that no sudden npturn was likely. Also, the racovery would be muted. "Overall real gross domestic product growth *until end-1992 is projected to* remain below the growth of productive potential," tha OECD said.

UK gilts yields



Source: Warburg Securities

Words like this are music to tha ears of bond traders, on the grounds that slow economic expansion will restrain any rise in inflationary pressures, and should lead to lower interest rates.

The gilt market last week was also cheered by falling yields in other bond markets, such as in Germany and the US. This is due to expectations that the world economy generally is in for sluggish growth over the next year or so, with a *slowdown expected in Ger*many, and the extent of the recovery in the US still in some doubt. "At tha moment the world is a bond-friendly place," said one gilt specialist.

Worries about a surge in gilt issues, which could push down prices, receded into the background last week. There was general relief that the Bank of England failed to announce a new tranche of bond issues last Friday, as had been widely expected.

Neither did the Bank *announce the date for the next* gilt auction – widely anticipated for this month.

The volume of new issues will be linked to the size of the overshoot on the 1991-92 public sector borrowing requirement, which the Treasury projects at £8bn ($13.4bn) but is likely to be £2bn-£4bn greater.

Given the influence of the Treasury in drawing np the OECD report, the dry sentence in the study that "there are risks of a somewhat larger deficit than projected" amounts to the first official indication that the government is revising its target for this number. However, this hardly worried the gilt market, in that it said nothing which was not known already.

Peter Marsh

DANISH BONDS

Traders expect buying burst to continue

FOREIGN investors are showing a keen interest in Danish government bonds, attracted by high yields and a positive assessment of the Danish economy.

Dealers expect last week's surge in buying by foreign and domestic investors to continue, given the stable market conditions and the fact that no further interest rate increases are expected.

Traders said most activity last week was concentrated in the benchmark Treasury 9 per cent due 2000, the largest government bond issue in Denmark.

The issue "is very popular: it fits in well with investors' portfolios as it is one of the most compatibla with the British market and the US Treasury series," said Ms Mette Kirketerpe, an analyst at Bikuben Bors.

It yielded 9.23 per cent at Thursday's close, compared with 9.28 per cent a week ago and 9.45 per cent a month ago. The yield spread over the comparable German government bond is now about 80 basis points.

"The spread should narrow to 50 basis points: earlier in the year this was expected to happen around the close of 1991 but now it looks as if the narrowing will not take place until the spring of next year," said Mr Birger Durhuus, analyst at Danske Bors.

Danish interest rates were raised last month following the increase in the German Lombard rate by 0.25 per cent to 9.25 per cent.

The Danish National Bank was forced to push up key interest rates by half a point to relieve pressure on the Danish krone, which has been scraping the bottom of the exchange rate mechanism of the European Monetary System.

Analysts expect the extra quarter point increase over the German levels to have a positive, stabilising impact on the bond market, since no more increases are expected from the National Bank in the near future, even if the Bundesbank decides to push up interest rates further.

Since 1990 the Danes have boasted tha lowest inflation rates in the European Community and the trend is expected to continue, with the average increase in consumer prices for 1991 projected at 2.5 per cent.

Meanwhile, the government's 1992 budget, released last week, had surprisingly little impact on the bond market, in spite of a proposed DKr30.5bn ($4.6bn) deficit. The budget projects spending at DKr326.2bn, which includes interest payments of DKr57.9bn on state debt of DKr560.4bn.

But because of the weak position of the minority right-wing coalition government, the market has been indifferent to the budget.

"The main conclusion is that the budget says absolntely nothing," complained Mr Durhnus. Radical changes are not expected until the budget is finally debated with the main Social Democrat opposition party and small centre-right parties, with negotiations expected to last at least until the end of the year.

However, market assessment of the economy is favourable because of the current account and foreign trade surpluses, and an estimated growth in gross domestic product of 2 per cent for 1991 and a projected rise to 2.25 per cent for 1992, largely coming from increases in exports.

Xueling Lin

US MONEY AND CREDIT

Strong jobs data may trigger easing

IS THE US Federal Reserve aboot to ease monetary conditions again? Much of the US credit market thinks so, and that the release this coming Friday of the latest employment statistics could be the trigger.

The employment report is a closely watched indicator of monthly economic activity, and this week's figures will firmly point to the strength of the economy in August.

Wall Street is expecting a small increase in oon-farm payroll numhers, of between 30,000 and 50,000 jobs, partly offsetting declines during the months of June and July. Numbers of this order would support the view that the econ*omy is growing modestly.*

The larger question is whether that growth is sufficiently strong to be self-sustaining, or whether the Fed will want to cut interest rates during the next few weeks to reduce the chances of a slip into a " double dip" recession.

The strong rally in the US government bond market during the past few weeks, with rallies in international markets such as Japan, have given the Fed much greater latitude to ease.

Last week the yield on the benchmark US 30-year long bond, which hovered around 8.5 per cent for much of the summer, dipped temporarily through the 8 per cent barrier. The market is coming increasingly to accept that the economy's prospective growth rate is unlikely to reignite inflation.

But the week also brought economic statistics which confused the market about the strength of the recovery.

A downward revision to sec*ond-quarter GNP*, showing contractioo at an annual rate of 0.1 per cent instead of the 0.4 per cent increase estimated earlier, was largely of historic interest.

However, the change was dua partly to stronger than expected inventory *liquidation*, and the fact that an aggressive run-down of stocks has extended into a third quarter bodes well for GNP growth in the July to September period, as industry rebuilds its inventory in anticipation of stronger consumer demand.

That was underlined by Friday's figures for July leading indicators – the strongest rise in three years, the improvement mainly concentrated in the manufacturing sector – and by an early indicator for August, the Chicago area purchasing managers' report, which showed snrprising strength.

But it remains moot whether consumers will feel sufficiently well off to buy the goods that will sustain the inventory rebuild into the fourth quarter. Last week hrought figures showing an 8.5 per cent drop in new home sales in July and a 0.1 per cent decline in personal income (the latter possibly a statistical aberration), while *car sales* in the first 20 days of August were below July's level.

Money supply growth, which the Fed has been watching extremely closely, also remains troubling, with M2 growing at the bottom of the Fed's 2.5 to 6.5 per cent target range. Much of that may be due to shifts in investors' portfolios to instruments with more attractive returns.

However, Mr Robert Black, presldant of the Federal *Reserve Bank of Richmond* and someone who has in the past seemed sanguine about the monetary aggregates, said last week that he would favour further easing in the weeks ahead if M2 growth did not accelerate.

The market, then, expects the Fed to ease in September – even if this week's employment figures are not the trigger – bringing the discount rate down to 5 per cent, with Fed funds dipping from 5.5 to 5.25 per cent.

Long bond yields might then drop convincingly through the 8 per cent barrier.

Last wcek's government bond rally – which ended up with a ¾ point gain in the 30-year issue, despite Friday's more bullish economic news – was helped by strong demand at tha Treasury's auction of two and five-year notes, the first such sale since the scandal over Salomon's rigging of past auctions broke in early August.

Salomon, the largest player in the Treasury market, has been barred from placing bids for customers in auctions, although it can bid for itself. And a wide-ranging investigation by the Securities and Exchange Commission into possible collusion in the market discouraged many trading houses from the kind of price discussions ahead of the bidding which normally allow them to get a feel for the strength of demand.

All this had raised fears that the auction would be sloppily bid, with wide spreads between the high, low and average yields, and that demand might be below average. But in the event it went off smoothly.

Martin Dickson

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	5.44	5.38	5.63	11.00	2.00
Three-month Treasury bills	5.48	5.52	5.63	7.81	5.33
Six-month Treasury bills	5.59	5.69	5.79	7.75	5.82
Three-month prime CDs	5.70	5.75	5.88	9.02	5.86
30-day Commercial Paper	5.63	5.65	5.75	9.95	5.80
90-day Commercial Paper	5.63	5.64	5.82	10.05	5.81

US BOND PRICES AND YIELDS (%)

	Last Fri	Change on wk	Yield	1 week ago	4 wk ago
Seven-year Treasury	100 [illegible]	+[illegible]	7.65	7.69	7.88
20-year Treasury	111 [illegible]	+[illegible]	8.00	8.07	8.23
30-year Treasury	100 [illegible]	+[illegible]	8.06	8.13	8.29

Money supply: In the week ended August 18, M1 rose by$2.1bn to$864.9bn

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 8 7/8 93	150	102⅝	+⅛	6.96
ABN 9 1/8 94	200	103½	+⅛	7.73
AETNA LIFE & CAS 7 3/4 16	200	100 [illegible]		7.72
ALBERTA PROVINCE 8 5/8 96	750	102⅞		7.92
ALBERTA PROVINCE 9 3/8 95	600	105[illegible]	+⅛	7.76
AMERICAN EXPRESS 0 00	450	44[illegible]		9.15
AMERICAN GENERAL 9 3/4 95	100	103[illegible]	+⅛	8.74
AMERICAN INTL 8 04	750	32[illegible]	+[illegible]	9.09
ASIAN DEV BANK 0 04	1000	33[illegible]	+[illegible]	8.84
AUSTRALIA 11 95	200	109[illegible]	+⅛	7.91
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PEPSICO 7 3/8 93	200	100¼		7.26
PETRO-CANADA 7 1/4 96	200	97[illegible]		7.92
PHILIP MORRIS 9 7/8 98	200	103[illegible]		9.09
PROCTER & GAMBLE 10 95	150	103[illegible]	+⅛	8.96
PRUDENTIAL RLTY SECS 0 99	365.216	53[illegible]		8.92
QANTAS AIRWAYS 8 5/8 96	97.75	101[illegible]		8.16
QUEBEC HYDRO 9 01	300	100[illegible]	−⅛	8.84
QUEBEC HYDRO 9 3/4 98	150	106	+⅛	8.58
QUEBEC PROV 9 98	200	102[illegible]	+⅛	8.52
QUEENSLAND GOVT 10 1/4 95	100	107[illegible]	+⅛	8.07
RALSTON PURINA 11 3/4 95	150	108[illegible]		8.86
REED PUBLISHING 9 5/8 97	150	104	+⅛	8.71
REYNOLDS (RJ) 10 1/4 93	100	101	+⅛	9.68
SAINSBURY 9 1/8 96	150	103[illegible]	−⅛	8.22
SARA LEE 9 3/8 93	150	103[illegible]	+⅛	7.48
SAS 10 99	200	102[illegible]	+⅛	9.57

U.S. DOLLAR STRAIGHTS (cont.)	Issued	Bid price	Chg on week	Yield
SAS 10 1/8 95	150	104[illegible]	+⅛	8.68
SBAB 9 1/2 95	500	106[illegible]	+⅛	7.73
SEAGRAM CO 8 1/2 96	100	99[illegible]	+⅛	8.61
SEARS O/S FIN 0 98	500	53[illegible]		9.57
SEARS O/S FIN 11 5/8 93	150	106[illegible]	+⅛	8.08
SEARS ROEBUCK EURO 9 3/4 95	500	105[illegible]	+⅛	7.96
SNCF 7 1/4 94	175	100[illegible]		6.93
SNCF 9 1/2 98	150	106[illegible]	+⅛	8.22
STATE BK NSW 8 1/2 96	200	101[illegible]	+⅛	8.20
STATE BK STH AUST 9 1/4 93	100	102[illegible]	+⅛	7.03
STATOIL 7 5/8 94	200	99[illegible]	+⅛	7.82
STH AUST GOVT FIN 8 3/4 93	100	102[illegible]		7.14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE FINANCE 7 1/2 95	1000	97[illegible]		8.48
EIB 5 3/4 98	400	86[illegible]	+⅛	8.56
EIB 6 7/8 95	300	93[illegible]	+⅛	8.81
EUROFIMA 6 1/4 98	400	87[illegible]	−⅛	8.68
FERRO DEL STAT 5 3/8 93	500	95[illegible]	+⅛	9.06
FIRST INTERSTATE 5 3/4 96	100	83[illegible]	+⅛	10.47
IND BK JAPAN FIN 5 5/8 96	200	87[illegible]	+⅛	9.05
IND DEV BK INDIA 6 3/8 94	200	87	−⅛	11.27
LUFTHANSA INT FIN 5 7/8 98	500	85[illegible]	+⅛	8.93
NAT BK HUNGARY 8 96	200	89[illegible]	−⅛	10.66
QUEBEC HYDRO 6 3/4 99	300	88[illegible]	+⅛	8.91
SWEDEN 6 1/8 98	300	87[illegible]	+1	8.61
VENEZUELA 8 1/4 93	100	95[illegible]		10.47
WORLD BANK 0 15	2000	16[illegible]		7.80
WORLD BANK 5 3/4 96	300	89	+⅛	8.77
WORLD BANK 7 1/8 95	300	95[illegible]	−⅛	8.70

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	89	−1⅛	7.06
AUSTRIA 4 5/8 98	100	88[illegible]		6.[illegible]
CHUJITSUYA 7 3/4 95	50	101[illegible]	−[illegible]	7.38
COUNCIL EUROPE 4 3/4 98	250	88[illegible]	−⅛	6.96
EEC 5 1/2 00	100	90[illegible]		6.96
EIB 5 3/4 93	100	97	−⅛	7.29
ELEC DE FRANCE 7 1/4 06	100	102[illegible]	−⅛	6.94
FINLAND 5 3/8 95	150	96		[illegible]
GENERAL MOTORS 7 1/2 95	100	100[illegible]	−⅛	7.32
JAPAN DEV BK 5 1/2 94	100	95[illegible]	−1⅛	7.44
KOBE 6 3/8 01	240	97[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EQUITY WARRANTS	[illegible]	[illegible]	[illegible]	Prem
ASAHI GLASS	[illegible]	17⅛	+1⅛	[illegible]
CANON	[illegible]	17[illegible]	+2[illegible]	18.48
FUJITSU	[illegible]	[illegible]	+[illegible]	64.38
HINO MOTORS	[illegible]	4[illegible]	+[illegible]	39.08
KOBE STEEL	[illegible]	10[illegible]	+2[illegible]	−27.74
MITSUBISHI EST	[illegible]	[illegible]	[illegible]	[illegible]
MORINAGA	[illegible]	10[illegible]	+1[illegible]	18.68
NICHII	[illegible]	[illegible]	+[illegible]	25.41
NICHIREI CORP	[illegible]	17[illegible]	+1[illegible]	23.50
NIPPON COMSYS	[illegible]	14[illegible]	+[illegible]	18.63
NISSHIN STEEL	[illegible]	6[illegible]	+1[illegible]	54.90
ROYAL HOTEL	[illegible]	10[illegible]	+[illegible]	22.20
SMC	[illegible]	11[illegible]	+[illegible]	[illegible]
TAKASHIMAYA	[illegible]	16[illegible]	+[illegible]	12.18
TOYO SASH	[illegible]	1[illegible]	+[illegible]	49.82
UNITIKA	[illegible]	[illegible]	+[illegible]	77.00

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on August 30

FRANCE

Regional vigour

France is at the heart of the new Europe that will be born on January 1, 1993. It is the place to be for a foreign firm wanting to operate in the unified market.

But France is also a country of 55 million freedom-minded individualists and 22 regions that mirror the dynamism of the French people. No two regions are alike. All are historically interesting and culturally rich.

An association exists to help international companies sort out the pros and cons of France's regions. Its acronym is FRIEND (French International Enterprise Development Association). FRIEND works for the benefit of foreign investors in close relationship with an umbrella organisation at the national level called DATAR. This is in charge of regional planning and development and in specific cases can offer tax and other incentives to foreign companies investing in France.

Here are brief sketches of four of France's regions and the opportunities they offer.

ILE-DE-FRANCE

Gateway to Europe

The Ile-de-France, whose heart is Paris, has always been France's traditional economic, financial, political and cultural capital.

But the region is taking on a new role. With more than 100 million consumers within 300 miles, the Ile-de-France is emerging as the best strategic base from which to attack the single European market. And as the largest metropolitan area on the Continent, it also offers a superb local market, with nearly 11 million customers within a 15 mile radius.

Ile-de-France has the transport infrastructure to provide easy access to all those customers. For those wanting rapid and frequent links to other continents, the region offers the largest airports in continental Europe, transporting 47m passengers a year. There are even plans to increase their capacity to 110m.

Meanwhile, for those wanting effortless access to the rest of Europe, Paris lies at the heart of the Europe's TGV high-speed railway network which, by 1993, will link Geneva, Brussels, London and Amsterdam.

The region's business infrastructure is ready and waiting. Ile-de-France has a stock of more than 35 million square metres of space of all types and at all prices, as well as 17,500 acres of dedicated business parks. Among recent developments is La Defense, Europe's largest business centre. And although the new complex is only five minutes from the famous Champs-Elysees, prices are far below those to be found in the City of London, Tokyo or New York.

With 4.7m people employees, the region offers a large and versatile work-force whose productivity is the highest in Europe and 20 per cent above the national average. The population is also highly skilled : more than 30 per cent of French students in higher education study in the Ile-de-France region.

And, of course, the Paris region is a fantastic place to live. Whether in the historical centre of Paris, or in the low density suburbs, quality of life is superb.

So it's hardly startling that Ile-de-France has generated an outstanding concentration of high-technology industries, ranging from aerospace to nuclear energy, electronics, chemicals, pharmaceuticals and transport equipment. More than 50 per cent of scientific research carried out in France takes place in the region.

Nor is it that surprising that 2,250 non-French industrial companies have weighed up its advantages and chosen the Ile-de-France as their gateway to Europe.

To help you make your Investment decisions, Ile-de-France has set up the Agence pour l'Implantation des Entreprises, whose role is specifically to help non-French companies interested in the region. They are at your disposal.

LORRAINE

Europe At Its Heart

Ideally and strategically placed at Europe's heart, Lorraine is at the cross-roads of the Continent. To the east, its motorways range deep into Germany, while to west, less than three hours away, is Paris. Meanwhile, to the north lie Belgium and the Netherlands, and to the south are both Switzerland and Italy. The region's formidable road-system provides access to more than 52 million customers and 400,000 businesses within a 150 mile radius.

Lorraine has become one of the premier investment locations in France. Over the last ten years, more jobs have been created in Lorraine by non-French companies than any other French region.

A host of American, Asian, British and Scandinavian firms have decided to locate in Lorraine. During 1990, leading companies as diverse as Allied Fibers, Minolta, Kimberley-Clark and United Paper Mills, all decided to invest in the area.

Not least among Lorraine's advantages is its dynamic and youthful workforce - nearly 50 per cent of the population are under the age of 30. It is also well-educated. With two universities, five engineering schools and 50,000 students in higher education, staff are plentiful as well as flexible. Employees are highly motivated : Japanese companies in the region have reported higher productivity than in other plants.

The region also boasts the Lorraine Technopole which is specifically geared for high-technology companies. The Technopole comprises Nancy Brabois, specialising in electronic imaging, biomedical engineering and geology, and Metz 2000, which has exceptional expertise in advanced telecommunications.

Added to its strategic location, exceptional workforce, and phenomenal business and transport infrastructure, Lorraine also offers a dazzling array of direct incentives for investors. In some areas, these are equivalent to 35 per cent of the total investment. All of which combines to make Lorraine a natural choice when choosing a new European investment location.

MARSEILLE

A Flourishing Environment For Success

Centred at the heart of Europe's sunbelt, Marseille is uniquely placed to take advantage of single market in 1993.

At the hub of the strategic crossroads between Northern Europe and the rapidly-growing Mediterranean economies, the region enjoys unsurpassed road and rail communications, offering swift access to the world's largest market with 325 million consumers and a GNP of $4,200 billion.

With the Mediterranean's largest seaport, France's second largest airport in terms of freight, and third in terms of passenger volume - there are regular flights to 50 international destinations - the region offers superlative links with the rest of the world. The port also has long-standing and extensive connections with the most important ports in the new Eastern European markets, including the Soviet Union, Romania and Bulgaria.

Local recruitment in Marseille is easy. The indigenous workforce is motivated and superbly educated. Marseille's three universities and engineering schools offer a well-qualified and technically-orientated pool of labour.

With two science parks and 300 laboratories in the region, it is little wonder there are more than 3,850 scientific researchers employed by both the public and private sectors.

Although Marseille is world-reknowned for its biotechnology, medical research and biomedical engineering, the region has attracted research and industry from nearly all high-technology areas. These include aeronautics, offshore engineering, chemical engineering, scientific instrumentation, micro-electronics and composite materials. Companies as diverse as Arco, Quaker Oats, Mitsubishi, British Petroleum, Locstar, Intervascular and Milltronics have decided to set up in Marseille.

The exquisite quality of life in Marseille means that recruting and retaining staff from outside the region poses few problems. The unspoilt countryside of Provence has maintained its peaceful charms, while both the mountains and the sea are close for those interested by more energetic pursuits. With the unique combination of superlative infrastructure and pleasant countryside, Marseille offers a flourishing environment for success.

COTE D'AZUR

Beauty Never Hurts Business

The Côte d'Azur has become France's most popular and dynamic regional investment location.

More than 70 leading multinational groups - as diverse as Texas-Instruments, Nestlé, IBM, Aérospatiale, Dec, Honeywell, Aisin Seiki (Toyota) and the Wellcome Foundation - have all chosen to take advantage of one of Europe's fastest growing regional economies.

Little wonder, then, that the region is maturing into the show-case of Europe's high-technology research and development drive. Particularly when at the crux of that drive is the Sophia-Antipolis high technology park. More than 830 companies already employ 14,000 staff at the park, which benefits from some of the world's most advanced telecommunications. What's more, Sophia-Antipolis is about to double in size, covering an area half the size of Paris.

Every month, 10 new companies locate on the Côte d'Azur and can then choose from 40 business sites offering every type of conceivable amenity. Whether in electronics or data-processing, speciality chemicals or health, bio-engineering or telecommunications, or oceanography and earth sciences, companies are flocking south to benefit from the Côte d'Azur's advantages.

And what advantages!

Whith 36 airlines offering direct links to 88 cities in 39 countries, access to the region is undivalled. Nice Côte d'Azur is France's premier airport outside Paris.

With its youthful population - more than a quarter is under 25 - and dazzling higher education facilities, the region justifiably boasts a skilled, loyal and flexible workforce.

And with the allure, charm and beauty of the Côte d'Azur - this is the French Riveria after all - companies find it simple to attract and keep top-level international engineers.

After settling in Côte d'Azur, some groups have chalked up productivity gains as high as 30 per cent.

So it's hardly surprising that last year alone more than 80 American, British, Scandinavian and French companies decided to relocate in the Côte d'Azur.

Clearly, beauty never hurts business.

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SABINE BEAUVAIS

INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Cyprus returns after three years' absence

THE REPUBLIC of Cyprus was given a warm welcome back to the syndicated loans market last week, as it mandated banks to raise money for it for the first time since 1988.

Then, it had been a term loan arranged by Chase Manhattan. This time, the government of Cyprus is seeking a $120m standby facility to back its recently increased Euro-commercial paper programme. This programme, not previously backed by a standby credit, was increased last month from $100m to $200m.

Cyprus's standing was confirmed recently when its commercial paper was assigned the top A1+ from rating agency Standard & Poor's (it already carried Prime 1 from Moody's).

However, some rivals wondered why it is taking seven banks – Arab Banking Corporation, Bank of America, Bank of Tokyo, Gulf International Bank, Manufacturers Hanover Trust, WestLB Group and Girozentrale Vienna – to bring a $120m facility. Could using such a wide spread of banks be a sign that Cyprus is not as well thought of after all?

No, argued the underwriters. With Cyprus being an infrequent visitor to the capital markets, banks generally did not have significant exposure limits against which to lend. That left the need to spread the underwriting more widely than would otherwise have been the case, they said.

The standby is being brought at a margin over the London interbank offered rate (Libor) of 65 basis points, with a commitment fee of 35 basis points. The commitment fee was well received by bankers at the end of last week, ahead of the formal launch of the deal expected in the middle of this week – although the pricing in part reflects Cyprus's non-Organisation for Economic Co-operation and Development status. As such, banks lending to the republic would have to take a full capital hit under Bank for International Settlement rules (with a 50 per cent capital weighting for committed but undrawn facilities).

The Cyprus mandate came among mixed reports from banks of the volume of syndicated loans likely soon.

Several reported interest at its highest for some time, foreshadowing a succession of deals later in the year. Others, though, said interest in bank finance remained sporadic as the bond and equity markets continued to provide the preferred routes to capital. The continuing popularity of bilateral (or one-on-one) deals, rather than syndicated, also suggested that most syndicate desks would remain quiet for some time.

The latest series of large bilateral deals came from Norsk Hydro, which announced on Friday it had arranged $950m of standby credits through bilateral agreements with 20 banks. . Norsk Hydro did not disclose terms for the credits, which were concluded at differing rates, though it said the seven-year agreements had similar structure.

Although such bilateral deals have dominated bank lending recently, there is still a trickle of syndicated loans.

The latest is a $175m, fully underwritten term-loan and revolving credit facility for Kvaerner, the Norwegian shipping, shipbuilding and engineering group.

Both the six-year, $100m term loan and five-year, $75m revolving credit have been keenly priced at 50 basis points over Libor for the first three years, rising to 55 basis points afterwards.

Commitment and front-end fees for the deal, jointly managed by Banque Indosuez, Den norske Bank and SE Banken Capital Markets, were not disclosed.

Richard Waters

EUROMARKET TURNOVER ($m)

Primary Market

	Straights	Conv	FRN	Other
US$	2,204.3	15.0	95.0	13,807.6
Prev	2,369.1	0.0	560.0	10,719.3
Other	1,160.2	0.0	656.5	4,765.4
Prev	1,423.0	0.2	227.4	7,104.9

Secondary Market

	Straights	Conv	FRN	Other
US$	27,455.9	749.3	7,783.3	9,204.0
Prev	19,702.5	1,029.1	5,251.3	10,349.6
Other	35,204.5	976.5	3,273.7	71,431.2
Prev	26,382.2	980.6	3,311.5	50,163.4

	Cedel	Euroclear	Total
US$	18,153.7	43,160.7	61,314.4
Prev	16,667.8	33,313.1	49,980.9
Other	38,846.3	78,621.7	117,468.0
Prev	29,854.2	59,739.0	89,593.2

Week to August 29, 1991 Source: AIBO

INTERNATIONAL BONDS

Economic conditions favourable for borrowing spree

THE RALLY in US and European government bond markets last week has raised hopes that the seasonal revival of activity in the Eurobond market at the start of September will produce a burst of new issues.

Market conditions and economic fundamentals are both favourable. However, it is not yet clear whether borrowers, many of which have already fulfilled most of their funding needs for this year, will take the opportunity to fund ahead of further requirements.

A number of benchmark deals are already scheduled for September. The World Bank is expected to launch its next global bond offering, which will total more than $1bn, at the end of September, and the European Investment Bank is considering issues in both Ecus and dollars.

In the Euroyen market, where Japan Development Bank's Y100bn deal in August has revived interest in the sector, a further benchmark issue is expected this week. Nippon Telegraph & Telephone is preparing a Y50bn deal, expected to have a life of 10 years. Daiwa Europe is tipped to win the mandate to arrange the deal.

Meanwhile, the European Bank for Reconstruction and Development is preparing to launch its debut issue. The EBRD is close to completing its selection process and is expected to appoint a lead bank this week.

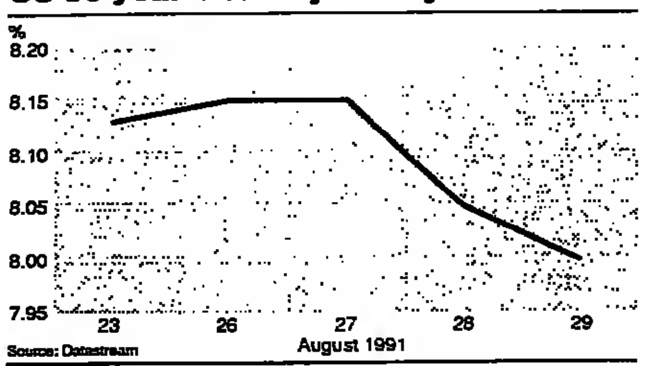
The EBRD is keen that its first transaction in the Eurobond market should be denominated in Ecus, and has been encouraged by the recent improvement in tone in the sector, after a rather dismal summer. Politically, it seems unlikely that the bank would eschew the Ecu market.

But the bank is keeping its options open, and is prepared to switch to the dollar market, if the Ecu sector proves unfavourable.

Consequently, the EBRD will award the mandate to one of a limited group of banks capable of arranging a deal in both Ecus and dollars. The size of the issue will be Ecu300m-Ecu500m, or $300m-$500m, and will have a maturity of five to 10 years.

An Ecu deal would be swapped into floating-rate Ecus, and held in short-term liquid instruments pending disbursement. The bank would hope to derive some positive carry from the inverted yield curve in the Ecu market (that is, earn a margin between the short-term rates at which funds are held and the long-term rate at which funding had been secured).

US 30 year treasury bond yield



Source: Datastream

But the dollar and sterling sectors are the most likely to experience a rush of activity, as the recent strength in both markets has pushed rates close to companies' targets.

Last week, the US long bond yield fell through 8 per cent, a psychological level and a trigger-point for several borrowers. However, most analysts expect the yield on the long bond to continue down towards 7¾ per cent, so some borrowers may still be inclined to wait a little longer.

However, yield spreads of Eurodollar bonds, relative to the US Treasury market, are lower than for several years.

Historic lows reached in the mid-1980s, when some corporate bonds traded at lower yields than US Treasuries, are still some way off. But those levels are unlikely to return, as the market has become more liquid and more institutionally-based in recent years. Borrowers may decide it is wise to take advantage of current absolute funding levels.

However, it is not certain that US companies will come to the Eurobond market, in preference to the US domestic market. In particular, the most sought-after triple-A names are able to fund more cheaply in the US than in the Eurobond market.

The dollar market looks increasingly attractive compared with other currency sectors, with absolute rates now as low as in any other currency sector, apart from yen.

However, there is a danger that from a retail investor's point of view, despite continued bullish sentiment on the dollar market, coupons on dollar bonds may soon appear unacceptably low. Swiss and German retail investors are well known for their preference for high coupons, which has led them to buy foreign bonds. With comparable coupons now on offer on German government bonds and even Swiss franc bonds, investors may prefer to avoid foreign currency exposure.

In the sterling market, too, companies' targets are back in view. Gilts maturing in five years or more are now yielding below 10 per cent, another key number, back to levels last seen early this year.

But Eurobond yield spreads have tightened dramatically – as much as 30 basis points – since then, so that absolute funding levels are back to where they were at the end of 1989. Then, many UK companies put off borrowing, expecting rates to fall further, and were disappointed. They may decide to strike while the iron is hot this time.

But the market has changed in the last two years. Most importantly, the UK has joined the exchange rate mechanism of the European Monetary System, highlighting the issue of economic convergence. This means that many borrowers expect rates to fall substantially in the longer term, so are much less willing to lock in long-dated funds of, say, 20 years (unless they need to match-fund long assets).

Borrowers tend to have targets of 11 per cent and 11¼ per cent for long-dated maturities and 10¾ per cent or 11 per cent for shorter maturities. But these may be revised downwards, on the assumption that UK interest rates are set to fall further soon.

Dealers say that the strong level of investor demand for sterling bonds, boosted by continental European interest, means that the range of borrowers able to access the market is broader than for some time.

Tracy Corrigan

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Matsushita Electric Wks♦	200	1995	4	$4\frac{5}{8}$	100	Yamaichi Int.	4.625
Hokkai Can(i)♦†	100	1995	4	$4\frac{5}{8}$	100	Daiwa Europe	4.625
Ford Motor Credit Co.†	200	1994	3	8	101.15	CSFB	7.557
Lechters Inc.(h)§†	65	2001	10	5	83	Goldman Sachs	7.474
ECUs							
Abbey Nat.Treasury Serv.†	150	1996	5	$9\frac{1}{4}$	$101\frac{3}{8}$	Nomura Int.	8.897
Aerospatiale†	100	1996	5	$9\frac{1}{4}$	$101\frac{3}{8}$	Nomura Int.	8.897
CANADIAN DOLLARS							
Bk of Montreal (London)†	100	1996	5	$10\frac{3}{8}$	101.525	BMO Nesbitt Thomson	9.973
FRENCH FRANCS							
Republic of Finland†	3bn	2001	10	$9\frac{1}{4}$	98.80	BNP Cap.Mkts.	9.441
Abbey Nat.Treasury Serv.†	1bn	1994	3	$9\frac{3}{8}$	100.74	JP Morgan	9.082
Bque.Nationale de Paris(g)†	1bn	1996	$4\frac{2}{3}$	$9\frac{3}{8}$	101.133	BNP Cap.Markets	9.039
D-MARKS							
Isvelmer(a)‡†	200	1996	5	(a)	99.55	DG Bank	-
Deutsche Ausgleichsbk(j)‡†	100	2001	10.083	(j)	100	Trinkaus & Burkhardt	-
SWISS FRANCS							
Credit Lyonnais(b)†	150	2001	-	$7\frac{1}{8}$	$101\frac{3}{4}$	UBS	6.877
SE Banken(b)†	100	2001	-	$7\frac{1}{4}$	102	SBC	6.966
Nagahori Corp(c)★★♦	55	1995	-	$5\frac{1}{8}$	100	Coutts & Co.	5.250
Nihon Inter(d)★★♦	40	1995	-	$5\frac{1}{4}$	100	Wirtschafts & Privatbk	5.249
Katakura(e)★★§†	20	1995	-	8	100	Bca.d'Svizzora Italiana	5.998
Commerzbank(b)†	150	2001	-	7	$100\frac{3}{4}$	SBC	6.894
SWEDISH KRONOR							
Volkswagen Int.Fin.NV†	300	1996	5	$10\frac{1}{2}$	$100\frac{3}{8}$	Deutsche Bk Cap.Mkts.	10.400
Svensk Exportkredit AB†	300	1996	5	$10\frac{1}{2}$	$100\frac{5}{8}$	Deutsche Bk.Cap.Mkts.	10.334
LKB Baden-Wurttemberg†	300	1996	5	$10\frac{3}{4}$	101.40	Dresdner Bank	10.377
YEN							
Denki Kagaku†	10bn	1999	$8\frac{1}{4}$	7.2	101.80	Nikko Secs.	6.899
Nissan Motor Co.†	30bn	1999	$9\frac{1}{4}$	$7\frac{1}{8}$	$101\frac{5}{8}$	Daiwa Europe	6.853
Nissan Motor Co.†	30bn	2000	$9\frac{1}{4}$	$7\frac{1}{8}$	$101\frac{5}{8}$	Nikko Secs.	6.875
Nissan Motor Co.★★†	20bn	1996	$5\frac{1}{4}$	7.1	101.75	Yamaichi Int.	6.684
Smart 10†	2bn	1995	4	5	93.29	Sumitomo Fin.	6.998
LUXEMBOURG FRANCS							
Electrolux★★†	500	1996	5	$9\frac{1}{2}$	101.90	KBL	9.011
Sparkassen Bikuben(f)★★†	1bn	1996	5	$9\frac{5}{8}$	102	BGL	9.109

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. ◆Variable rate notes. †Final terms. a) Fiduciary issuer - KBL. Callable at par after 2 years. Coupon pays 25bp over 6-month Libor. b) Subordinated issue. Non-callable. c) Callable after a year at 101½% declining by ¼% semi-annually. d) Callable in 1993 at 101% declining ¼% semi-annually. e) Callable on 30/9/93 at 102% declining ½% annually. Conversion premium fixed at 2.53%. f) Amount increased from LFr600m. Subordinated issue, non-callable. g) Fungible with existing FFr1.5bn deal launched in April. Non-callable. h) Amount increased from $60m and coupon was indicated at (5-5¼%). Conversion premium fixed at 21.257%. i) Exercise premium fixed at 2.53%. Non-callable. j) Coupon pays 10⅛% until 26/4/94, then 15% below 6-month Libor thereafter. Non-callable. Note: Yields are calculated on AIBO basis.

THE WEEK AHEAD

ECONOMICS

Sign of recovery sought in US data

IT WILL be a week for watching the US economy for signs of recovery after last week's surprise gross national product data, which showed that the economy continued to shrink in the second quarter.

Nonetheless, some analysts maintain that growth will return so strongly in the second half that the Federal Reserve will have to move interest rates up.

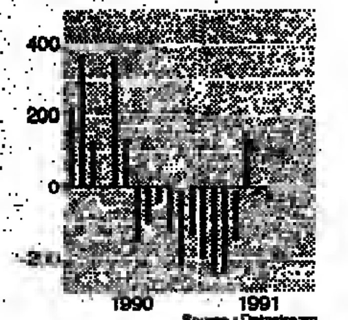
Last week's gross national product figures were depressed by oil imports, while restocking and export growth would fuel the recovery.

However, there is still some suggestion that the conflicting signs of a relatively weak US economy will force the Federal Reserve into one more easing - especially since the dollar, and long-term bond yields have shown stability in the aftermath of the failed coup in the Soviet Union.

In Japan, there are also suggestions that there might be a further cut in the official discount rate (ODR) some time this month, in the light of the delicate state of the stock market and other financial sectors.

US Employment

Civilian labour force changes, non agricultural payrolls ('000)



Source: Datastream

The Tankan survey on Friday will shed light on the current state of business confidence and capital spending plans.

Yamaichi, the Japanese investment house, points out that there is increasing evidence that the main continental economies are converging "in economic growth rates as well as inflation rates".

Today should bring evidence that the German economy is weakening - real gross national product fell 0.2 per cent in the second quarter. Further weakness is expected later in the year, with the summer unemployment data.

In the UK, there is still a strong risk of a negative GDP figure for the fourth quarter, following a small rise in the third after stronger industrial production and retail sales.

Other important events and statistics, with market forecasts from MMS international, the finance research company, in brackets, include:

Today: US, Labor Day.

Tomorrow: UK, official reserves ($100m). US, National Association of Purchasing Managers' index for August (52.5 per cent), July construction spending (0.4 per cent). France, money supply. Canada, leading indicators for June.

Wednesday: Germany, July current account, July employment (23,000) August unemployment (west 10,000). Canada, help wanted index.

Thursday: Germany, new orders for July. US, cyclical indicators for July, auto sales for August (6.6 per cent). Canada, August forex reservea. Japan, extraordinary Diet session. France, regular OAT auction.

US, capital spending 1991, second quarter non-farm productivity, August auto sales, money supply, initial claims.

Friday: US, non-farm payrolls for August (40,000), unemployment rate, manufacturing payrolls (10,000), hourly earnings (0.2 per cent), average work-week.

New Zealand, second quarter producer price input and output data. Canada, August unemployment rate (10.4 per cent), employment growth (0.2 per cent). Japan, Tankan quarterly economic survey.

During the week: Germany, July industrial production (down 1 per cent), manufacturing output (1.4 per cent), current account (DM-3.3bn), trade balance (DM1bn), manufacturing orders (-0.9bn). Switzerland, August consumer prices index (0.5 per cent). Italy, August consumer prices index.

Rachel Johnson

RESULTS DUE

BTR, the industrial conglomerate, is expected to show a drop on Thursday of about £100m in half-year pre-tax profits, from last year's £530m.

Mr Alan Jackson, the new chief executive, has at last started to buy and sell companies as part of his strategy of making the group more of an asset broker. Analysts will be looking for clues about the big acquisition which he promised when he took over in January.

BAT Industries, the tobacco to insurance group, is expected to report a sharp decline in pre-tax losses at the half-year stage on Wednesday. Analysts expects pre-tax profits to be between £360m and £380m, against last year's £549m.

The group's Eagle Star insurance subsidiary, which reported a £189m pre-tax loss last week, is the main reason for the deterioration at BAT.

Reckitt & Colman, the food and household products maker, is expected to have advanced by about 10 per cent to between £120m and £125m pre-tax in the first half, with the help of Boyle-Midway, a North American household and toiletries group bought last year.

Sedgwick Group, the insurance broker, is expected to record a slight fall in pre-tax profits when it reports interim figures on Tuesday. Sedgwick's pre-tax profits are expected to be between £60m and £65m for the first six months of 1991, compared with £67.7m last year.

Taylor Woodrow, Wimpey, Amec, Persimmon and Blue Circle's results during the week will underscore the slump in the construction sector.

UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
In Shops, Bank House, 8 Cherry Street, Birmingham, 12.00
Reed Executive, 114 Peascod Street, Windsor, Berkshire, 3.00
BOARD MEETINGS:
Finals:
Black (Peter)
Murray Income Trust
Interims:
ASW
Pendragon
Pittencrieff
Unidare

■ **TOMORROW**
COMPANY MEETINGS:
Mansfield Brewery, Mansfield Civic Centre, Chesterfield Road, Mansfield, Nottinghamshire, 12.00
BOARD MEETINGS:
Finals:
Bowater
Stonehill
Interims:
Five Arrows Chile Fd.
GT Chile Growth
Hambro Countrywide
IMI
Intrum Justitie
Isotron
Jourden (Thomas)
MTM
Peek
Pentos
Pickwick
Psion
Record Hldgs.
Ropner
Scholl
Sedgwick
Taylor Woodrow
WSP

■ **WEDNESDAY SEPTEMBER 4**
COMPANY MEETINGS:
Beepak, Bergen Wey, North Lynn Indl. Estate, King's Lynn, Norfolk, 11.30
Daejan Hldgs., CBI, Centre Point, New Oxford Street, W.C., 12.00
JLI, St. James's Court Hotel, Buckingham Gate, Westminster, S.W., 10.00
Syltone, Forte Crest Hotel, Leeds Road, Bramhope, 2.30
BOARD MEETINGS:
Finals:
Trevian
Interims:
Addison Consultancy
BAT Inds.
Bedford (Wm)
CRH
Coats Viyella
Croda Intl.
Hillsdown
Instem
Nestor-BNA
Senior Eng.
Stat-Plus
T & N
Wimpey (George)

■ **THURSDAY SEPTEMBER 5**
COMPANY MEETINGS:
Alan Paul, 12 Caldbeck Road, *Croft Business Park,* Bromborough, Wirrel, Merseyside, Liverpool, 11.30
Baker Harris Saunders, Saddlers House, Gutter Lane, E.C., 12.00
Bexbuild Developments, Henry Cook Lumsden, 1 King Street, Manchester, 10.00
Bulmer (H.P.), The Cider Mills, Plough Lane, Hereford, 2.30
Carclo, Queens Hotel, Leeds, 4.00
Grand Central Inv. Hldgs., 4 Broadgate, E.C., 11.00
London Merchant Securities, Carlton House, 33 Robert Adam Street, W., 12.00
MS Intl., Doncaster Moat *House, Warmsworth,* Doncaster, 12.00
New London, Robert Fleming, 25 Copthall Avenue, E.C., 10.00
Northumbrian Water, Newcastle Playhouse, Barras Bridge, Newcastle upon Tyne, 11.00
Scottish & Mercantile Inv. Trust, The Imperial Hotel, Russell Square, W.C., 12.00
Templeton Emerging Markets Inv. Trust, Butchers' Hall, Bartholomew Close, E.C., 4.00
BOARD MEETINGS:
Finals:
Specialeyes
Interims:
BTR
Blue Circle Inds.
Booker
British Borneo Petroleum
British Dredging
Burford
Calderburn
City & Commercial Inv.
Cookson
Courtaulds Textiles
Daniels (B.)
JMD
Porvair
Provident Financial
Readymix
Reckitt & Colman
River & Merc. Geared Cap. & Inc. Tst.
Saatchi & Saatchi
Sun Alliance
Vinten
Wilson Bowden

■ **FRIDAY SEPTEMBER 6**
COMPANY MEETINGS:
Assoc. British Consultants, REA Brothers, Aldermans House, Aldermans Walk, E.C., 11.30
Benson Group, The Birmingham Botanical Gardens, Westbourne Road, Edgbaston, Birmingham, 12.15
GEC, London Hilton, 22 Park Lane, W., 12.00
Graig Shipping, 113-116 *Bute Street, Cardiff,* 11.15
Harris (Philip) Hldgs., Penns Hall Hotel, Walmley, Sutton Coldfield, West Midlands, 12.00
Joseph (Leopold) Hldgs., Northern House, 29 Gresham Street, E.C., 12.30
Menzies (John), George Hotel, 21 George Street, Edinburgh, 12.30
Porter Chadburn, The New Connaught Rooms, Great Queen Street, W.C., 10.45
Shield, Summit Lodge, 8 Lower Terrace, N.W., 12.00
Stanley Leisure, Stanley Albion Casino, Cromwell Road, Castle Irwell, Salford, 12.00
Tomorrows Leisure, Redworth Hall Hotel, Redworth, Co. Durham, 12.00
BOARD MEETINGS:
Finals:
Cone. Plantations
Interims:
Aslec (BSR)
Gibbs & Dandy
Laird
Perry

Company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
Amdahl 2.5cts.
Assoc. British Foods 8.5p
Automated Security 5% Cnv. Prf. 2.5p
Burndene Invs. 2p
Domino Printing Sciences 2.1p
Electrocomponents 4.8p
Eurocopy 1.1p
Goldsmiths 1.5p
Hadleigh Inds. 4.3p
Ivory & Sime 4.5p
Kembrey 0.375p
Kitty Little 0.325p
Meyer Intl. 12.3p
REA Hldgs. 4p
Stakis 0.45p
Sturge Hldgs. 5.5p
Union Discount 11.5p

■ **TOMORROW**
AMAX 20cts.
Ahmanson (H.F.) 22cts.
American Brands 38.5cts.
Asarco 40cts.
Barclays Bank Prf. A (Br.) 52.125cts.
Do. Prf. B (Br.) 50.975cts.
Do. Prf. C1 42.1875cts.
Do. Prf. C2 10.54745cts.
Do. Reg. Sers. C Prf. 52.735cts.
Do. Prf. D1 43.125cts.
Do. Prf. D2 10.781cts.
Do. Reg. Sers. D Prf. 53.906cts.
Conversion 9% 2000 4.5pc.
Enserch 20cts.
Ford Motor 40cts.
Do. Bdr. (1/20th NatWest Bk.) 2cts.
Inco 25cts.
Ingersoll Rand 33cts.
Letinvest 10¼% Step. Int. 1st Mtg. Deb. 2012 5.375pc.
Lockheed 50cts.
Prospect Inds. 0.1p
Templeton Emerging Mkts. Inv. Tst. 2.5p
Union Carbide 25cts.

■ **WEDNESDAY SEPTEMBER 4**
Daejan Hldgs. 16p
Durham (O.G.) 1p
Mansfield Brewery 8.5p
Westpac Bkg. Corp. Cap. Fltg. Rate Nts. £379.50
Woolwich Bldg. Soc. Fltg. Rate Nts. 1996 £290.49

■ **THURSDAY SEPTEMBER 5**
Bank of Ireland Und. Var. Rate Nts. $1820.83
Countryside Properties 1.41p
Gillette 16.5cts.
Halifax Bldg. Soc. 8¾% Fixed Rate/Fltg. Rate Nts. 1992 £145.56
JLI 2.87p
Northumbrian Fine Foods 1p
Partridge Fine Arts 1p
Scottish & Mercantile Inv. 1.65p
Do. A NV 1.65p

■ **FRIDAY SEPTEMBER 6**
Alan Paul 2.4p
Bank of Greece 10¾% Ln. 2010 (Reg.) 5.375pc.
Do. 10¾% Ln. 2010 (Br.) 10.75pc.
Barclays O'Seas Inv. Co. Gtd. Fltg. Rate Nts. 2004 $178.89
Boeing 25cts.
Campari Intl. 3p
Cardiff Property 0.85p
Croda Cosmetics & Toiletries 7½% Uns. Ln. 87/92 3.75pc.
Dares Ests. 8% Uns. Ln. 92/97 4pc.
Dudley Jenkins 2.7p
Exmoor Dual Inv. Tst. 2.7p
Fleming Fledgeling Inv. 1p
Graig Shipping 3p
Do. A NV 3p
IMI 7¼% Uns. Ln. 86/91 3.625pc.
Investment Co. 0.775p
Joseph (Leopold) 9¼% Uns. Ln. 97/2002 4.625pc.
Multitone Electronics 1.25p
Nat. Medical Enterprises 23cts.
NatWest Bank Var. Rate Cap. Nts. 2009 £296.16
Nationwide Anglia Bldg. Soc. Fltg. Rate Nts. 1995 £289.23
Renown 4⅞% Bds. 1994 (With Wts.) 2.4375pc.
Do. 4⅞% Bds. 1994 (Without Wts.) 2.4375pc.
River & Merc. Extra Inc. 1.96875p
Waddington (John) 10½% Deb. 90/95 5.25pc.
Whitbread 9¾% Red. Deb. 91/96 4.875pc.
Yorkshire Chemicals 4.75p

■ **SATURDAY SEPTEMBER 7**
Barclays Bank 7½% Uns. Cap. Ln. 86/91 3.75pc.
Joseph (Leopold) 12.75p
Sainsbury (J.) 7¼% 1st Mtg. Deb. 87/92 3.625pc.

■ **SUNDAY SEPTEMBER 8**
Renold 7⅝% 2nd Deb. 92/97 3.1875pc.
Treasury 10% 2003 5pc.

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | JAPAN | GERMANY | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE

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CANADA

TORONTO

4:00 pm prices August 30

[illegible]

MONTREAL

4:00 pm prices August 30

[illegible]

INDICES

NEW YORK

DOW JONES

	Aug 30	Aug 29	Aug 28	Aug 27	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3043.60	3049.64	3055.23	3026.16	3055.23 (28/8)	2470.30 (9/1)	3055.23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96.20	96.29	96.11	96.08	96.29 (29/8)	91.38 (16/1)	96.29 (29/8/91)	54.99 (1/10/81)
Transport	1212.27	1212.09	1212.45	1202.40	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.25	208.63	208.56	206.56	220.89 (16/4)	196.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3053.89 (3068.65) Low 3032.65 (3030.86)

STANDARD AND POOR'S

	Aug 30	Aug 29	Aug 28	Aug 27	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	395.43	396.47	396.64	393.06	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	470.56	472.01	471.86	467.59	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.89	32.01	32.01	31.73	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	216.69	217.12	217.17	215.26	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amex Mkt. Value	372.13	370.95	370.62	369.62	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	525.68	526.39	526.29	521.75	526.39 (29/8)	355.75 (14/1)	526.39 (29/8/91)	54.87 (31/10/72)

	Aug 29	Aug 18	Aug 9	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.08	3.18	4.29

	Aug 28	Aug 21	Aug 14	year ago (approx.)
S & P Industrial div. yield	2.63	2.69	2.70	3.24
S & P Indl. P/E ratio	21.71	21.35	21.31	15.47

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
ADV Micro	10,259,500	12¼	+ ¼
Syntex	3,398,900	44¼	- 3
Pepsico	3,078,000	32¼	- ⅛
AT & T	2,447,200	39	+ ⅛
Coca Ent.	1,368,400	15⅛	+ ½
Oregon Steel	1,338,800	29⅛	- 4⅛
IBM	1,337,500	97	+ 1½
Philip Morris	1,309,200	74¼	- ⅛
Cont. Bank Corp	1,299,600	12⅛	- ⅛
RJ Nabisco	1,226,100	12⅛	—

TRADING ACTIVITY

† Volume (Millions)	Aug 30	Aug 29	Aug 28
New York SE	125,830	150,280	169,590
Amex	11,646	13,496	16,746
NASDAQ	129,403	158,804	165,659
NYSE			
Issues Traded	2,074	2,097	2,083
Rises	792	785	1,058
Falls	741	784	509
Unchanged	541	528	516
New Highs	76	123	133
New Lows	9	4	4

CANADA

TORONTO

	Aug 30	Aug 29	Aug 28	Aug 27	1991 HIGH	1991 LOW
Metals & Minerals	3081.75	3101.42	3116.42	3111.10	3299.99 (18/7)	2632.06 (9/1)
Composite	3517.92	3514.88	3521.30	3517.26	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1853.53	1866.64	1868.96	1871.68	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

AUSTRALIA | AUSTRIA | BELGIUM | DENMARK | FINLAND | FRANCE | GERMANY | HONG KONG | IRELAND | ITALY | JAPAN | MALAYSIA | NETHERLANDS | NORWAY | PHILIPPINES | SINGAPORE | SOUTH AFRICA | SOUTH KOREA** | SPAIN | SWEDEN | SWITZERLAND | TAIWAN** | THAILAND | WORLD

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TOKYO - Most Active Stocks

Friday, 30 August, 1991

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	12.5	411	+19
Mitsui Shipbldg	7.7	585	+0
NKK	7.7	384	+14
Meiji Seika	7.1	645	+100
Mitsubishi Heavy	6.6	699	+20
Mitsubishi Oil	8.2	1,120	+70
Osaka Gas	6.0	609	+1
C Itoh	5.9	645	+35
Nippon Carbon	5.5	1,280	+50
Hitachi Zosen	5.3	625	+0

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline, call 0836 430000. Calls charged 0) 36p/minute cheap rate and 48p/minute al all other times. To obtain your free Unit Trust Code Booklet call 071-925-2128

AUTHORISED UNIT TRUSTS

Commercial Union Tst Mgrs—Contd.

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
PPT UK	6	101.93	101.93	108.44	1.50	41258
PPT North American	6	108.46	110.10	117.13	0.88	41259
PPT Gold & Comdty	6	44.49	44.44	47.33	2.73	41261
PPT S'pore & Malays.	6	69.99	72.23	76.84	0.00	41263
PPT Global Bond	6	62.06	62.27	66.24	3.79	46074
PPT Thai	6	36.03	35.83	38.33	0.00	47794
PPT Cash	0	82.76	82.76	82.70	11.25	47091

Confederation Funds Mngt Ltd (1200)F
Lytton Way, Stevenage, Herts SG1 2NR 0438 744840

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Growth Fund	0	44.02	44.02	47.08	5.4	40297
High Income	6	27.27	27.27	29.01	8.1	40298
Japan	0	23.74	23.74	25.25	0.8	44476
Property Shares	6	21.59	21.59	22.96	5.1	46477
Smaller Cos	6	21.29	21.29	22.95	5.8	40299
Capuchon Exempt	5	51.93	53.32xd	54.96	2.2	40300
European Exempt	3	56.84	56.60xd	58.35	3.1	40301
Pacific Exempt	3	39.38	39.09	41.12	1.7	40302
US Exempt	3	53.71	54.30	55.97	3.1	40303
North American	6	24.62	24.62	26.19	3.1	46872
European	6	24.10	24.10	25.63	3.0	46871

Consistent Unit Tst Mngt Co Ltd (1200)F
1 White Hart Yd, London Bridge, SE1 1NX 071 407 5966

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Consistent UT	5	26.52	26.52	28.46	5.31	40304

Co-op Pension Fds UT Mgrs Ltd (2000)F
78-80 Cornhill, London EC3V 3NJ 071-283 9494

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Equity Dist Aug 13	0	684.1	684.1	697.5	4.79	46954
Equity Acc Aug 15	0	1531.6	1531.6	1561.8	4.79	46953

Cornhill Unit Trust Mngrs Ltd (1000)F
PO Box 136, Beckenham, Kent BR3 4XR 081-658 9611

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
UK Equity Inc	6	48.29	49.09	52.22	5.50	40305
UK Equity Acc	6	55.58	56.49	60.10	5.50	40306
International Inc	6	65.25	66.33	70.57	1.00	40307
International Acc	6	68.60	69.79	79.19	1.80	40308
Property Sh Inc	6	21.15	21.15	23.30	2.90	40309
Property Sh Acc	6	23.57	23.57	26.05	2.90	46324
Gilt & Fixed Inc Inc	6	37.39	37.50	39.94	8.60	46325
Gilt & Fixed Inc Acc	6	47.00	47.29	50.31	8.00	46875
High Income	5	48.29	45.65	48.57	5.40	46326
High Income Acc	5	53.16	53.59	57.01	5.40	46876

GA Unit Trust Mngrs Ltd (1000)H
PO Box 257, York YO1 1LA 0345 581106/7

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
GandA	5½	184.7	184.7	195.8	4.60	49508
Cash* ‡	1½	49.58	49.58xd	50.32	10.93	41099
Growth Portfolio	5½	48.08	48.08	50.96	1.96	46903
Income Portfolio	5½	50.75	50.75xd	53.79	6.13	46904

*C.A.R.—Compound Annual Rate

GT Unit Managers Ltd (1200)H
8th Floor, 8 Devonshire Sq, London EC2M 4YJ
071-220 4444 Dealing: 071-626 9411

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
UK Capital (Inc)	5¼	140.20	140.20	150.00	4.20	40509
UK Capital (Acc)	5¼	230.50	230.50	246.60	4.20	40510
Income	5¼	99.95	99.96	106.90	7.66	40511
International	5¼	185.40	185.40	140.30	1.26	40513
US & General	5¼	67.70	67.70	71.97	0.63	40514
Amer Spec Sits	5¼	86.00	86.00	91.98	0.00	40515
Japan & General	5¼	340.60	340.60	361.70	0.00	40516
Far East & Gen	5¼	187.70	188.50	201.70	0.32	40517
European	5¼	321.10	321.10	342.20	1.13	40518
Germany	5¼	86.24	86.24	91.56	0.45	40519
Intl Income	5¼	56.49	56.49	66.16	5.36	40520
W'wide Spec Sits	5¼	93.79	94.06	100.60	0.13	40521
UK Spec Sits	5¼	53.44	53.44	57.16	2.00	40522
Global Assets Acc	5¼	49.53	49.74	53.20	2.87	46858
Global Assets Inc	5¼	47.94	48.15	51.30	[illegible]	46859
Smllr Cos Div	5¼	39.44	40.43	43.25	[illegible]	47583

Gartmore Fund Managers (1200)F
Gartmore House, 16-18 Monument Street
London EC3R 8AJ 071-782 2000
Dealings only 0277-264421
Investor Services Freephone 0800-289 336

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
UK Growth Trusts						
British Growth	5¼	36.22	36.34xd	38.87	1.72	40527
CashTrust	0	115.34	115.34	115.34	10.77	46001
Practical Inc (Inc)	5¼	91.49	91.49	98.11	3.71	40549
Do (Accum)	5¼	183.45	183.45	196.73	3.71	40550
UK Smaller Cos	5¼	94.44	97.39	104.44	3.17	40546
Income Trusts						
Extra Income	5¼	62.77	62.72	67.00	7.35	40530
Preference Shares	5¼	20.37	21.02xd	22.48	12.35	40532

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9QS 0244 680066

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
M&S Inc P'lotes	5½	114.3	114.3xd	122.2	3.19	46995
Do Accum	5½	122.4	122.4xd	130.9	3.19	46996
UK Sel P'folio	5½	100.0	100.6	107.5	3.93	47804
Do Accum	5½	107.0	107.0	114.4	3.93	47805

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Managed Tst	5	49.14	49.52xd	52.68	4.95	46899

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng: 031-220 4924

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Far East (Pacific)	5¼	95.21	96.94	102.9	1.24	41357

MGM Unit Managers Ltd (1000)H
MGM House, Heene Rd, Worthing
Dealing 0277 261010 Enq. 0903 204631

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
High Income F	3	267.6	270.8	288.0	5.82	40287
(Accum Units) F	5	420.9	425.9	453.0	5.82	46916
UK Growth F	5	315.5	319.3	339.6	4.09	40823
(Accum Units) F	5	373.4	377.8	401.9	4.00	45914
Int Equity Gth & F	5	51.47	51.67	54.96	1.29	40659
Intl Bond F	5	52.43	52.42	55.09	6.87	45299
Special Sits F	5	17.54	18.28	19.44	3.28	42271
North American F	5	73.19	73.43	78.11	1.02	40832
European Growth & F	6	50.07	50.29	53.50	1.41	43105

MW Investment Managers Ltd (0659)F
46 Court St, Haddington E Lothian 062 082 5867

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Unit Jersey Investors	0	1065.0	1065.0	1096.9	4.31	40535

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Maldon General	0	118.1	118.1	121.1	5.47	46659

Manulife Management Ltd (1200)H
St George's Way Stevenage Dealings 071-256 5858

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Growth Units	5¼	137.4	138.7xd	147.6	3.64	40925
Gilt & Fxd Int	5	148.1	148.1	155.8	8.00	40904
Intl Growth	5¼	149.1	150.4	160.0	0.40	45903
North American 4	3¼	102.3	103.8xd	110.4	0.30	40910
Far East	5¼	113.3	114.3	121.6	0.39	40911
UK Smaller Cos	5¼	100.2	101.9	108.4	3.15	45909
European	5¼	54.31	54.31	57.94	0.93	45912
Japanese Growth	5¼	34.80	34.80	37.30	0.00	47736
Managed P'folio	5¼	50.47	50.81	59.05	1.50	47767
High Income	5¼	154.4	155.0	166.0	5.64	40926
High Yielding Gilt	5¼	61.39	61.30xd	64.54	10.22	40907
Cash		51.70	51.70	51.70	9.47	46061

MIM Britannia Unit Tst Mgrs Ltd (1000)F
11 Devonshire Square, London EC2M 4YR 071-626 3434
Dealing: 0800 010733

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
UK Specialist Trusts						
Investment Tst	5¼	51.78	31.78	55.01	3.4	40996
Smaller Cos	5¼	20.13	20.15xd	21.40	2.99	40985
Special Features	3¼	23.08	23.08	24.52	2.76	40986
(Accum Units)	5¼	26.07	26.07	27.69	2.70	40987
General Funds						
Assets & Earnings	5¼	63.86	63.86xd	67.85	3.27	40988
Accum Units	5¼	72.14	72.14	76.04	3.27	40989
General Equities	5¼	65.20	65.20xd	69.27	4.1	40183
Great British Cos	5¼	41.91	41.91xd	44.94	2.48	40990
Managed Invest	5¼	72.28	72.28	77.27	1.4	40991
Brown Childrens Tst	5¼	66.95	66.95	71.52	2.89	46173
UK Growth	5¼	46.43	46.43	49.33	3.13	40992
High Income Funds						
Cashbox * &		50.29	50.29xd	50.29	11.00	42070
Extra Income	5¼	74.18	74.18xd	80.04	6.58	40993
Gilt	5¼	24.84	24.84	26.18	8.83	40994
Income & Growth H	5¼	35.12	35.12	37.66	4.77	40995
Preference Shares	3¼	14.47	14.47xd	15.37	11.44	40997
UK Income	5¼	272.8	272.8	292.6	4.45	40996
Sector Specialist Funds						
Commodity Shs	5¼	36.24	36.24	56.50	0.56	40998
Financial Securities	5¼	44.54	44.34	47.32	3.3	40999
Gold	5¼	36.00	36.00	38.52	2.19	41000
Accum Units	5¼	37.97	37.97	40.62	2.19	41001
Intl Leisure	5¼	20.21	20.21	21.47	0.24	41002
Property Shares	5¼	52.43	52.43	55.70	2.73	41003
Overseas Growth Funds						
American Growth	5¼	38.42	38.42	46.97	1.55	41008
US Smaller Cos	3¼	83.00	83.00	88.70	–	41009
(Accum Units)	5¼	83.90	83.90	89.14	–	41010
Europe Perf	5¼	88.64	88.64xd	94.41	1.41	41012
(Accum Units)	5¼	90.00	90.00	96.87	1.41	41013
Euro Smaller Cos	5¼	18.98	18.98	20.19	1.09	41014
French Growth	5¼	49.84	49.84	52.90	1.79	41016
Accum Units	5¼	51.99	51.99	55.18	1.79	41017
Hong Kong & China	5¼	36.92	36.92	39.17	3.13	41018
Intl Growth	5¼	41.43	41.40	44.00	1.84	41019
Japan Perf N	5¼	29.96	29.93	31.76	–	41021
Accum Units N	5¼	29.93	29.96	31.70	–	41022
Japan Smaller Cos	5¼	28.81	28.81	30.64	–	41023
Singapore ASEAN	5¼	51.24	52.24xd	55.68	1.12	41024
Accum Units	5¼	52.56	52.56	57.03	1.12	41025
SE Asia H	3¼	143.2	145.2	155.8	1.4	41042
Overseas Income Funds						
Global Income	3¼	66.90	65.90	70.24	4.74	41036
Intl Bond	3¼	44.13	44.13xd	46.48	8.04	41026
NEL Trusts						
Nelstar Gilt & FI	2	70.11	70.13	71.86	9.29	41030
Exempt Funds						
European Dist	5¼	90.27	90.27	96.01	1.92	46600
European Acc	5¼	92.30	92.50	98.17	1.95	46601
Exempt	3¼	127.1	127.1	134.0	5.2	41006

* Compound Annual Rate

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers 071-826 0826 Enquiries 071-826 0123

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
American Gwth	5¼	170.9	178.9xd	182.5	0.80	41048
European Gth Inc	5¼	200.9	200.9	214.4	0.00	–
European Gth Acc	5¼	200.9	200.4	214.4	0.00	41049
Intl Gwth	5¼	144.2	144.2	153.4	0.00	41050
UK Equity Inc	3¼	121.8	121.8	130.9	6.18	41046
UK Equity Acc	5¼	137.2	137.2	147.4	6.18	41047
UK Ind Tracker Inc	5	126.0	126.0xd	134.4	3.66	46656
UK Ind Tracker Acc	5	136.9	136.9xd	146.1	3.66	46655
US Eq Ind Tracker Inc	5	149.7	149.7	160.6	2.80	46658
US Eq Ind Tracker Acc	5	154.5	154.5	165.8	2.80	46657
Japan Tracker	5	59.55	59.56	63.16	0.00	46921
Asian Trader	5¼	84.79	84.79	90.70	1.47	40109
Managed Inc	5¼	102.2	102.2	109.9	1.90	46922
Managed Acc	5¼	100.8	103.8	113.7	1.90	46923
Cash Inc	0	100.47	100.47xd	100.47	10.24	46656
Cash Acc	0	110.32	110.32xd	110.32	10.24	46655
Europa	5¼	104.9	104.9	112.2	[illegible]	43122

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park Croydon CR0 2AQ 081-686 9818

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Exempt Unit Tst	4	118.96	118.96	126.50	2.60	41061
Exempt Smllr Cos	3¼	229.30	229.30	248.73	1.40	41053

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Acorn	3	72.35	72.68	71.57	5.12	46327
Acorn Reserve	3	65.04	65.00	67.03	10.35	46328
American Income	5	133.47	133.50xd	141.40	2.86	41056
Equity Income	5	86.18	86.38	92.19	5.65	41057
European	5	55.22	55.24	50.96	1.46	41058
Far Eastern	5	108.10	108.10xd	115.30	2.00	41059
Smaller Cos	5	44.93	44.95	47.95	2.98	41060
Olympiad	5¼	47.08	47.08xd	50.19	1.02	41061
Olympiad Income	5¼	44.46	44.46xd	47.97	4.00	41062
UK Growth	5	70.32	76.92	82.10	1.86	41063

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex

Rothschild Fund Management—Contd.

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
RAM PSAVC Scheme						
UK Major Co's	3¼	71.45	74.60	78.52	–	46524
UK Smaller Co's	5¼	47.86	49.39	51.98	–	46526
UK Income	5¼	67.47	60.62	72.22	–	46522
America	5¼	69.97	71.04	74.77	–	46506
Japanese	5¼	40.68	41.18	43.34	–	46518
European	5¼	63.22	63.78	67.13	–	46514
Canadian	5¼	50.70	52.40	55.15	–	46510
Australasian	5¼	37.28	37.82	39.80	–	46508
Gilt	5¼	64.65	64.70	68.18	–	46516
Deposit	5¼	67.28	67.28	70.82	–	46512
Managed	5¼	71.32	72.36	76.16	–	46520

Royal Life Fd Mgmt Ltd (1000)F

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The maximum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING. The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline, call 0836 430000. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Unit Trust Code Booklet call 071-925-2128

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh						031-226 3271
American ♦	5	319 6	319.6	340 8	1 24	41410
(Accum Units) ♦	5	373 9	373 9	398 7	1.24	41411
British	5	821 4	821.3	868 9	5 51	41416
(Accum Units)	6	1314 9	1314 9	1391 1	5 51	41417
European	5	326 9	326.9	348 1	1 50	41418
(Accum Units)	5	350 4	350.4	373 1	1 50	41419
Japan	5	112.2	112.2	219 2	–	41420
(Accum Units)	5	113 0	113.0	120 1	–	41421
New Pacific	5	171 4	171 4	182.2	1 97	46365
(Accum Units)	5	176.0	176.0	187 1	1 97	47464
PEP Aug 14	5	129 6	131.5	139 7	3 73	47988
Mngd Equity	5	125.9	125 8	133 1	3 49	47586
Mngd Equity Acc.	5	132.4	133 4	141 2	3 49	40866
Mngd Cash	5	96.64	96.64	99.53	10.57	47985
(Accum Units)	5	114.5	114.5	117.9	10.57	40267
Mngd Fund in Ap Aug 14	5	120.1	120.1	127 1	6 92	42132
Majority Stlg	1	100.67	100 67	101 67	10 39	42203
Majority Stlg Acc	1	105.60	105.60	106 60	10.39	44689
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries. 0277 227300						Dealing 0277 261010
International Aug 30	0	51.74	51.74	52.31	3.40	46906
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham						0403 56293
Equity	6	415 9	615.9	658 7	3 11	41423
North America	6	81.42	81.42	87.08	0 92	41424
Far East	6	89.60	89.60	95.90	1 07	41425
W'wide Bond	6	47 68	47 68	50 72	6 06	41426
European	6	66.91	66 91	71.56	1.33	41429
Equity Income	6	72.00	72.00	77 06	5.26	41430
Portfolio	6	58.91	58 91	63 01	2.11	41431
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basing View, Basingstoke, Hants						0800 525725
American Growth	6	27.57	27 57	29 40	0.43	47795
Managed Assets	6	104 67	105.38	112 71	3.98	40267
UK Income	6	33.55	34 10	36 48	4 37	41432
UK Growth	6	33 44	33 89	36 25	3 04	41433
Worldwide Growth	6	24.83	24.83	26.56	0 04	41434
Sun Life Trust Mngmt Ltd (1200)H						
101, Cannon St, London EC4N 5AD						
Admin & Enq: 071-606 4044						Dealing 071-606 6010
Master Portfolio	5¼	35.15	35 15	37.59	2.06	41436
Amer Growth Acc	5¼	46 84	46.84	50 08	0 61	41436

	Bid Price	Offer Price	Yield Gross	City-line
Funds in Court*				
Capital July 17	507 87	507 58	2 52	40505
Gross July 17	183 59	185 06	10 54	40506
High Yield July 17	299 58	301 99	6 82	40507
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	54 63	55 79	3 53	40676
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P Fd Fo	1201	1295	–	46964
Mngd Pens (Acc)	70 4	75 0	–	41007
Lazard Brothers & Co. Ltd				
Property Jan 3	£2360 0	2575 0	6 00	40777
Inc Gth Prp Acc 16	£1325 0	1460 0	7 20	40778
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Aug 30	£3626 4	3797 3	4 28	40766
European Aug 30	£542 1	548 0	2 20	40776
American Aug 30	£375 0	379 0	2 14	40773
Japan Aug 30	£491.2	497 1	1 30	40774
Pacific Aug 30	£141 9	145 1	1 91	40775
W Midlands June 30	£144 10	160 96	2 48	40771
Local Authorities Mutual Invest. Tst.*				
2 Fore Street London EC2Y 5AQ				071-588 1815
Property July 31	199 15	203 30	7 41	40825
Equity July 31	885 85	896 15	4 10	40826
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Aug 29		101 45	10 42	40893
(Accum Units)		582 96	10 42	40884
NAACIF Aug 27		42 84	9 17	46917
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity Aug 30	132 1	141 6	2 74	46925
UK Small Co's Aug 30	500 0	540 7	3 97	46926
Fixed Interest Aug 30	109 6	115 2	7 70	46920
US Small Co Aug 30	169 9	181 7	6 90	46927
Managed Aug 30	110 0	117 0	1 30	46923
Intl Bond Aug 30	117 8	124.3	8.72	47790
Japan Aug 30	71 56	76.98	0 88	47877
European Aug 30	89 07	95 27	1 53	47876

	Bid Price	Offer Price	Yield Gross	City-line
Guardian Royal Exchange				
Royal Exchange, EC3				071-283 7101
Guardian Assurance				
Property Bonds	668 1	695 9	–	42437
Pensions	129 2	136 0	–	46080
Pensions	121 7	128 1	–	46081
Choices Managed	158 0	166 3	–	46082
Choices Equity	162 6	171 2	–	46083
Freedom	105 6	111 2	–	47973
Freedom	204 8	110 3	–	41771
Freedom Managed	94 1	99 0	–	47969
Freedom Equity	92 2	97 1	1 69	47964
GRE Linked Life Assurance Ltd				
Managed Initial	370 3	389 8	–	42438

	Bid Price	Offer Price	Yield Gross	City-line
Legal & General (Unit Pensions) Ltd				
Kingswood House, Kingswood, Tadworth, Surrey				0737 370370
Ex Bldg Soc. Lend.	757 0	765 3	–	42745
Do Accum	197 3	207 7	–	42746
Exempt Cash Init	280 1	294 4	–	42747
Do Accum	443 4	466 8	–	42748
Exempt Eqty. Init.	890 5	937 2	–	42749
Do Accum	1409 2	1483 4	–	42750
Exempt Euro Init.	164 8	173 5	–	42751
Do Accum	200 6	211 2	–	42752
Exempt Far East Init.	210 8	221 9	–	42753
Do Accum	256 4	270 2	–	42754
Exempt Fixed Init	426 3	448 8	–	42755

	Bid Price	Offer Price	Yield Gross	City-line
Manulife Group – Contd.				
Pension Fund Prices				
Managed Init.	330.1		–	42914
Do Accum	406 7		–	42915
Property Init.	324 6		–	42916
Do. Accum	404.9		–	42917
Equity Init	414 3		–	42918
Do Accum	512.2		–	42919
Gilt-Edged Init.	259 6		–	42920
Do Accum	306.1		–	42921
Guaranteed Init.	207 2		–	42922
Do Accum	306		–	42923
International Init.	349		–	42924
Do. Accum	602 1		–	42925
Index Lk Gilt Init	160.4		–	42926

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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Baring International Fd Mngrs (Ireland) Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Australia	$15.71	16 50	1 03	44759
Japan Tech	$58 11	61 02	-	44762
Japan Fund	$24.34	25.56	0 17	44763
Japan New Gorth Fd	$18 62	19.56	-	44764
Malay Sing	$52.71	55.35	0.31	44765
Nth American	$22.36	23 48	0.58	47410
Octopus Fund	$21 15	22.21	0 88	44766
Pacific Fd	$60 70	63.82	-	44767
International Bond	$16 65	17 49	6 89	44769
Europa Fund	$12.87	13.52	-	47191
British Screen Fd	£0.93	0.98	-	47190
Tristar Warrant	$10 52	11 05	-	47419
Hong Kong	$49 72	31.16	3.09	44761
Mngd Portfolio (Stlg)	£4.25	4 58	-	47519
Mngd Portfolio (Dlr)	$10 20	10 76	-	47318
Currency Fd-Sterling	£19 29		-	44755
Currency Fd-US Dollar	$13 28		-	44754
Curr Fd-Deutschemark	DM40 20		-	44756
Curr Fd-Managed $	$43 55	45 72	-	44758

Federated International Funds Plc

Federated Short-term US Gov't Securities Fund

	Bid Price	Offer Price	Yield Gross	City-line
Institutional Svc Series *		$1.00	5.72	40562
Investment Series *		$1.00	5 72	40563

* Annualised Yield

Midland Bank Fund Managers (Jersey) Ltd

PO Box 26, St Helier, Jersey 0534 606000

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Intl Circuit Portfolio	6	£0.9911	0.9911	1.0509	1 67	41027
Gilt	3	£0.9366	0.9366	0 9657	10.30	45446

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mngt Ltd (1400)F

PO Box 428, St Helier, Jersey 0534 76077

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Govt Secs Fd	4	56 73	56 73	59 14	9 47	45294

TSB Trust Funds (CI)

PO Box 538, St Helier, Jersey 0534 73494

TSB Offshore Investment Fund Ltd

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Stg Deposit Class	3	103 00	103 06	100 16	10 50	45607
Gilt & Fixed Interest	3	104 25	104.25	107 40	8.99	[illegible]
Blue Chip & Gilt Edged	5	51.82	51 82	55 09	3.63	[illegible]
International Bond	5	110 77	110 77	116 33	6.89	43472
UK Equity	5	124 29	124 29	135 37	1. 02	[illegible]
International Equity	5	115 29	115.29	123 21	0 00	[illegible]
Far Eastern	5	90 43	90.43	96.89	0 00	[illegible]
European	5	87.74	87 74	92 99	0 00	[illegible]
Pan American	5	148 72	148.72	158 29	0 00	[illegible]

TSB Gilt Fund Ltd

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Quarterly Share	3	97 54	97 54	100 74	10.6	[illegible]
Monthly Share	3	96.34	96.34	99 48	10 7	[illegible]

ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

D-Mark caution

ATTITUDES TOWARDS the D-Mark are as cautious as the west's attitude towards the changes that have come about in the Soviet Union. In fact the future performance of the D-Mark is now seen to be closely linked with the fortunes of the Soviet republics and their peaceful transition to democracy. Whether the union holds together is not so important, but a drift into anarchy and civil war would have significant consequences.

There has always been a risk premium in holding D-Marks, even when the Soviet Union appeared to be powerful and stable. Germany was in the front line in the event of hostilities breaking out between Nato and the Warsaw pact. If the Soviet move towards democracy continues peacefully this threat will all but disappear, even though ownership of the Soviet arsenal may become a problem. The easing of tension should therefore encourage funds to move into Germany, but the financial markets have not yet shown any great enthusiasm for the D-Mark.

This contrasts with reaction to the dollar, where a sharp rise in an erratic figure such as US durable goods orders can send the currency soaring. Evidence of US economic recovery is at best tenuous, but if this month's US data are good the dollar may attack the year's high of DM1.8430 touched on July 12.

Provisional consumer prices in the old country of West Germany indicated a fall in August year-on-year inflation to 4.1 from 4.4 per cent, compared with the US level of 4.4 per cent in July.

At the same time German interest rates are about 3.5 percentage points higher than comparable US rates. If the political risk of holding D-Marks has diminished the market seems rather slow to take advantage of this attractive premium.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

£ IN NEW YORK

Aug 30	Close	Previous Close
£ Spot	1.6805-1.6815	1.6830-1.6840
1 month	0.74-0.72pm	0.74-0.72pm
3 months	2.11-2.08pm	2.14-2.11pm
12 months	7.07-6.97pm	7.07-6.97pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 30	Previous
8.30 am	90.7	90.8
9.00 am	90.8	90.8
10.00 am	90.8	90.8
11.00 am	90.8	90.8
Noon	90.8	90.8
1.00 pm	90.7	90.8
2.00 pm	90.8	90.9
3.00 pm	90.6	90.8
4.00 pm	90.5	90.7

CURRENCY RATES

Aug 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.791478	0.699227
U.S. Dollar	5.50	1.33839	1.17855
Canadian $	8.64	1.52630	1.34555
Austrian Sch.	7.50	16.3431	14.4490
Belgian Franc	8.00	47.7303	42.2480
Danish Krone	9.50	N/A	7.92691
D-Mark	7.50	2.32358	2.05362
Dutch Guilder	8.00	2.61629	2.31513
French Franc	10 1/4	7.88981	6.97581
Italian Lira	11 1/2	1734.97	1532.58
Japanese Yen	5.50	182.959	161.166
Norway Krone	8	9.05956	8.02555
Spanish Peseta	-	144.600	127.852
[illegible]	[illegible]	[illegible]	[illegible]

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. [illegible]

CURRENCY MOVEMENTS

Aug 30	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.5	-20.7
U.S. Dollar	66.7	-12.2
Canadian Dollar	106.4	+3.5
Austrian Schilling	108.7	+11.3
Belgian Franc	110.2	-2.7
Danish Krone	107.8	+2.5
D-Mark	116.3	+23.3
Swiss Franc	108.6	+17.4
Dutch Guilder	112.9	+15.1
French Franc	101.8	-13.7
Lira	98.2	-20.1
Yen	138.4	+69.7

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100). **Rates are for Aug.29

OTHER CURRENCIES

Aug 30	£	$
Argentina	16691.0 - 16722.5	9935.00 - 9945.00
Australia	2.1465 - 2.1486	1.2725 - 1.2735
Brazil	655.050 - 656.130	389.900 - 390.200
Finland	7.1295 - 7.1510	4.2320 - 4.2350
Greece	320.950 - 327.350	190.270 - 194.070
Hong Kong	13.0865 - 13.0995	7.7590 - 7.7610
Iran	113.10*	68.70*
Korea(Sth)	1225.10 - 1244.85	730.90 - 736.70
Kuwait	0.48000 - 0.48020	0.29460 - 0.29470
Luxembourg	60.40 - 60.50	35.90 - 36.00
Malaysia	4.6930 - 4.7010	2.7815 - 2.7835
Mexico	5164.05 - 5168.85	3048.00 - 3049.00
N. Zealand	2.9405 - 2.9425	1.7405 - 1.7425
Saudi Ar.	6.2795 - 6.3560	3.7500 - 3.7510
Singapore	2.9030 - 2.9100	1.7175 - 1.7195
S.Af (Cm)	4.8390 - 4.8585	2.8730 - 2.8740
S.Af (Fn)	5.4505 - 5.5390	3.2260 - 3.2785
Taiwan	45.15 - 45.25	26.65 - 26.70
U.A.E.	6.1480 - 6.2245	3.6715 - 3.6735

* Selling rate.

POUND - DOLLAR

[illegible]

CHICAGO

[illegible]

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Sep	Calls Oct	Calls Nov	Calls Dec	Puts Sep	Puts Oct	Puts Nov	Puts Dec
1.625	5.35	5.69	6.07	6.29	0.14	0.94	1.98	2.77
1.650	3.10	3.83	4.39	4.71	0.52	1.67	2.92	3.79
1.675	1.50	2.44	3.07	3.44	1.38	2.90	4.19	5.13
1.700	0.57	1.45	2.12	2.55	2.88	4.35	5.76	6.71
1.725	0.13	0.81	1.39	1.78	4.95	6.23	7.55	8.42
1.750	0.01	0.40	0.86	1.21	7.28	8.27	9.47	10.35
1.775	-	0.18	0.50	0.79	9.68	10.53	11.60	12.42

Previous day's open int: Calls 314,632 Puts 338,299 (All currencies)
Previous day's volume: Calls 17,442 Puts 16,351 (All currencies)

POUND SPOT - FORWARD AGAINST THE POUND

Aug 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6805 - 1.6885	1.6805 - 1.6815	0.73-0.71cpm	5.14	2.11-2.08pm	4.99
Canada	1.9165 - 1.9275	1.9165 - 1.9175	0.42-0.36cpm	2.44	0.81-0.71pm	1.59
Netherlands	3.3000 - 3.3125	3.3075 - 3.3175	[illegible]	1.36	[illegible]	1.36
Belgium	60.15 - 60.50	60.40 - 60.50	11-7cpm	1.79	28-21pm	1.62
Denmark	11.3150 - 11.3575	11.3300 - 11.3400	[illegible]	1.26	[illegible]	1.08
Ireland	1.0950 - 1.0980	1.0960 - 1.0970	0.13-0.08cpm	1.15	0.23-0.13pm	0.66
Germany	2.9300 - 2.9425	2.9375 - 2.9425	[illegible]	1.79	[illegible]	1.45
Portugal	250.00 - 251.50	250.15 - 251.15	59-124cdis	-4.50	184-321dis	-4.03
Spain	182.45 - 183.35	183.00 - 183.30	20-31cdis	-1.67	61-80dis	-1.54
Italy	2181.50 - 2197.25	2191.50 - 2192.50	1-2liredis	-0.82	3-5dis	-0.73
Norway	11.4550 - 11.4900	11.4675 - 11.4775	[illegible]	0.92	[illegible]	0.54
France	9.9550 - 9.9975	9.9750 - 9.9850	[illegible]	1.58	[illegible]	1.38
Sweden	10.6400 - 10.6775	10.6525 - 10.6625	[illegible]	0.63	[illegible]	0.16
Japan	229.50 - 231.25	229.50 - 230.50	[illegible]	3.59	[illegible]	3.48
Austria	20.62 - 20.70	20.67 - 20.70	[illegible]	1.70	[illegible]	1.37
Switzerland	2.5625 - 2.5725	2.5625 - 2.5725	[illegible]	2.63	[illegible]	2.63
Ecu	1.4245 - 1.4335	1.4290 - 1.4300	0.16-0.10cpm	1.09	0.36-0.25pm	0.85

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.87-3.82cpm. 12 Month 7.00-6.90cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6805 - 1.6885	1.6805 - 1.6815	0.73-0.71cpm	5.14	2.11-2.08pm	4.99
Ireland†	1.5290 - 1.5380	1.5290 - 1.5300	0.53-0.48cpm	3.96	1.60-1.50pm	4.05
Canada	1.1400 - 1.1425	1.1415 - 1.1425	0.26-0.28cdis	-2.84	0.78-0.83dis	-2.82
Netherlands	1.9550 - 1.9740	1.9695 - 1.9705	0.58-0.61cdis	-3.62	1.81-1.86dis	-3.73
Belgium	35.75 - 36.00	35.90 - 36.00	9.00-11.00cdis	-3.34	30.00-34.00dis	-3.56
Denmark	6.7075 - 6.7450	6.7400 - 6.7450	2.05-2.35oredis	-3.92	6.50-7.10dis	-4.03
Germany	1.7350 - 1.7530	1.7480 - 1.7490	0.51-0.52pfdis	-3.53	1.55-1.58dis	-3.58
Portugal	148.90 - 149.50	149.40 - 149.50	108-113cdis	-8.87	340-355dis	-9.30
Spain	108.00 - 109.10	108.95 - 109.85	60-63cdis	-6.77	178-185dis	-6.66
Italy	1295.50 - 1305.50	1303.75 - 1304.25	6.00-6.50liredis	-5.75	18.70-19.70dis	-5.89
Norway	6.7875 - 6.8275	6.8225 - 6.8275	2.45-2.75oredis	-4.57	7.55-8.05dis	-4.57
France	5.8950 - 5.9500	5.9350 - 5.9400	1.71-1.76cdis	-3.51	5.42-5.52dis	-3.69
Sweden	6.3000 - 6.3650	6.3375 - 6.3425	2.35-2.60oredis	-4.68	7.50-7.95dis	-4.87
Japan	136.50 - 137.10	136.80 - 136.90	0.20-0.22ydis	-1.84	0.53-0.55dis	-1.58
Austria	12.2300 - 12.2800	12.2600 - 12.2650	2.50-5.00grodis	-3.67	8.50-14.00dis	-3.67
Switzerland	1.5165 - 1.5330	1.5275 - 1.5285	0.30-0.33cdis	-2.47	0.90-0.97dis	-2.45
Ecu	1.1720 - 1.1820	1.1745 - 1.1755	0.41-0.38cpm	4.03	1.25-1.19pm	4.15

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Aug.30	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.681	2.940	230.0	9.980	2.567	3.312	2192	1.917	60.45	1.429
$	0.595	1	1.749	136.8	5.937	1.527	1.970	1304	1.140	35.96	0.850
DM	0.340	0.572	1	78.23	3.395	0.873	1.127	745.6	0.652	20.56	0.486
YEN	4.348	7.309	12.78	1000.	43.39	11.16	14.40	9530	8.335	262.8	6.213
F Fr.	1.002	1.684	2.946	230.5	10.	2.572	3.319	2196	1.921	60.57	1.432
S Fr.	0.390	0.655	1.145	89.60	3.888	1	1.290	853.9	0.747	23.55	0.557
H Fl.	0.302	0.508	0.888	69.44	3.013	0.775	1	661.8	0.579	18.25	0.431
Lira	0.456	0.767	1.341	104.9	4.553	1.171	1.511	1000.	0.875	27.58	0.652
C $	0.522	0.877	1.534	120.0	5.206	1.339	1.728	1143	1	31.53	0.745
B Fr.	1.654	2.781	4.864	380.5	16.51	4.246	5.479	3626	3.171	100.	2.364
ECU	0.700	1.176	2.057	161.0	6.984	1.796	2.318	1534	1.341	42.30	1

Yen per 1,000: French Fr. per 10 Lira per 1,000; Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Aug 30	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	8 - 7 3/4	[illegible]
D-Mark	9 - 8 3/4	9 1/8 - 9	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	9 1/8 - 9	9 1/8 - 9	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	12 - 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: [illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.30) 3 months US dollars		6 months US Dollars	
bid 5 [illegible]	offer 5 [illegible]	bid 5 [illegible]	offer 5 [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm					
		One month	5.21	Three year	6.66
		Two month	5.34	Four year	6.81
Prime rate	8 1/2	Three month	5.48	Five year	7.32
Broker loan rate	7 3/4	Six month	5.58	Seven year	7.67
Fed.funds	5 1/4	One year	5.72	10-year	7.82
Fed.funds at intervention	-	Two year	6.36	30-year	8.06

Aug.30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.95	9.00-9.15	9.05-9.20	9.10-9.25	9.25-9.40	9.25
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.25
Zurich	[illegible]	8-8 1/4	-	[illegible]	-	-
Amsterdam	8.94-9.06	9.15-9.22	-	9.38-9.31	-	-
Tokyo	[illegible]	[illegible]	-	[illegible]	-	-
Milan	[illegible]	[illegible]	-	[illegible]	-	-
Brussels	[illegible]	[illegible]	-	[illegible]	-	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-

LONDON MONEY RATES

Aug 30	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	10 1/2	[illegible]	[illegible]	[illegible]	[illegible]	10 1/2
Sterling CDs	-	-	11	[illegible]	[illegible]	10 1/2
Local Authority Deps.	11	11	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	-	-
Company Deposits	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	11	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Bank Bills (Buy)	-	-	[illegible]	[illegible]	10	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	[illegible]	[illegible]	10	10
ECU Linked Dep. Bid	-	-	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 10 [illegible] per cent; three months 10 [illegible] per cent; six months 9 [illegible] per cent; Bank Bills (sell): one-month 10 [illegible] per cent; three months 10 [illegible] per cent; Treasury Bills: Average tender rate of discount 10.0676 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 30, 1991. Agreed rates for period Sept.25, 1991 to October 25, 1991. Scheme I: 12.08 p.c., Schemes II & III: 12.17 p.c. Reference rate for period August 1, 1991 to August 30, 1991. Scheme IV&V. 10.950 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 1/2 from August 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 7 1/2 per cent, one-three months 10 per cent; three-six months 9 1/2 per cent, six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 1/2 per cent from July.15,1991. Deposits withdrawn for cash 5 per cent.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

BANK OF ENGLAND TREASURY BILL TENDER

[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON			NEW YORK		
[illegible]			[illegible]		
3 Mth. Treasury Bill	[illegible]	[illegible]	One mth. Interbank	9.075	+0.075
1 Mth. Bank Bills	[illegible]	[illegible]	Three month	9.125	-0.025
3 Mth. Bank Bills	[illegible]	[illegible]	PARIS		
TOKYO			Intervention Rate	[illegible]	Unch'd
One month Bills	[illegible]	Unch'd	One mth. Interbank	[illegible]	[illegible]
Three month Bills	[illegible]	[illegible]	Three month	[illegible]	Unch'd
BRUSSELS			MILAN		
One month	[illegible]	[illegible]	One month	[illegible]	[illegible]
Three month	[illegible]	Unch'd	Three month	[illegible]	[illegible]
AMSTERDAM			DUBLIN		
One month	9.185	+0.035	One month	[illegible]	[illegible]
Three month	9.145	-0.135	Three month	10	[illegible]

FINANCIAL TIMES STOCK INDICES

	Aug 30	Aug 29	Aug 28	Aug 27	Aug 23	Aug 22	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.96	85.98	85.80	85.78	85.94	85.94	85.98	82.17	127.4	49.18
Fixed Interest	94.94	94.91	94.89	94.89	94.91	94.99	94.94	90.59	105.4	50.53
Ordinary	2079.3	2066.2	2053.9	2050.0	2069.3	2056.1	2079.3	1606.3	2079.3	49.4
Gold Mines	149.5	157.8	158.1	159.0	162.0	167.7	222.8	127.0	734.7	43.5
FT Act All-Share	1268.62	1265.31	1259.10	1257.11	1264.73	1257.16	1268.62	987.46	1268.62	61.92
FT-SE 100	2645.7	2638.2	2624.2	2619.8	2640.7	2623.0	2645.7	2054.8	2645.7	986.9
FT-SE Eurotrack 100	1125.84	1124.82	1121.03	1118.81	1112.34	1108.61	1165.54	900.45	1165.54	900.46
FT-SE Eurotrack 200	1189.66	1166.78	1164.81	1182.85	1181.55	1176.55	1192.11	938.62	1192.11	938.62

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
1,809	Conversion 10pc 1996	100 [illegible]	0.2	8.4	15May 15Nov	1240
1,200	Do. 10pc 1996 B	100 [illegible]	0.3	-	15May 15Nov	-
1,290	Treas 13 1/4pc 1997‡‡	112 [illegible]	0.2	17.6	22Jul 22Jan	1302
3,100	Exch 10 1/2pc 1997	102 [illegible]	0.2	15.7	21Aug 21Feb	1253
3,600	Treas 8 3/4pc 1997‡‡	94 [illegible]	0.2	26.7	1Mar 1Sep	1341
830	Exch 15pc 1997	121	0.2	21.3	27Apr 27Oct	1269
3,050	Exch. 9 3/4pc 1998	98 [illegible]	0.2	12.6	19Jul 19Jan	1273
1,000	Treas 6 3/4pc 1995-98‡‡	86 [illegible]	0.1	25.3	1Nov 1May	1331
935	Treas. 15 1/2pc '98‡‡	126 [illegible]	0.2	27.8	30Mar 30Sep	1308
3,658	Exch. 12pc 1998	109 1/2	0.1	15.4	20May 20Nov	1259
1,250	Treas 9 1/2pc 1999‡‡	98 [illegible]	0.2	10.6	15Jul 15Jan	1347
2,900	Exch. 12 1/4pc 1999	111 [illegible]	0.2	20.8	26Sep 26Mar	1264
1,252	Treas. 10 1/2pc 1999	102 [illegible]	0.1	12.4	19Nov 19May	[illegible]
1,548	Conversion 10 1/4pc 1999	101 [illegible]	0.1	15.4	22May 22Nov	[illegible]
2,759	Conversion 9pc 2000‡‡	95 [illegible]		29.7	3Sep 3Mar	[illegible]
3,171	Treas. 13pc 2000	116 [illegible]	0.1	7.6	14Jan 14Jul	[illegible]
3,906	Treas 10pc 2001	100 [illegible]	0.1	22.7	26Aug 26Feb	[illegible]
970	Treas. 14pc '98-01	117 [illegible]	0.1	15.4	22Nov 22May	[illegible]
3,075	Treas 9 3/4pc 2002	98 [illegible]	0.1	22.7	27Feb 27Aug	[illegible]

BRITISH FUNDS—Contd

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
1,703	Treas 10pc 2003	100 [illegible] xd	......	2.8	8Mar 8Sep	1281
1,620	Treas. 11 1/2pc 2001-04	108 [illegible] xd	0.1	13.8	19Sep 19Mar	1290
443	Funding 3 1/2pc '99-04	59 [illegible]	0.1	7.6	14Jan 14Jul	1274
1,512	Conversion 9 1/2pc 2004	97 [illegible]	0.1	19.3	25Apr 25Oct	1246
3,192	Conversion 9 1/2pc 2005	97 [illegible]	0.1	12.3	18Oct 18Apr	1247
[illegible]	[illegible] 2003-05	117 [illegible]	0.1	15.4	21May 21Nov	1295

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

Amount £m	Stock	Price £	Wk % change
500	Do. 2 '94 (102.9)	119 [illegible]	0.1
1,000	Do. 2pc '96 (67.9)	172 [illegible]	0.2
1,000	Do 2 1/2pc '01 (78.3)	142 [illegible]	0.4
800	Do. 2 1/2pc '03 (78.8)	138 [illegible]	0.6
1,200	Do. 2pc '06 (69.5)	139 [illegible]	0.7
950	Do. 2 1/2pc '09 (78.8)	128 [illegible]	0.8
1,450	Do. 2 1/2pc '11 (74.6)	132 [illegible]	1.0
1,300	Do. 2 1/2pc '13 (89.2)	108 [illegible]	1.0
1,700	Do. 2 1/2pc '16 (81.6)	115 [illegible]	0.9
1,400	Do 2 1/2pc '20 (83.0)	110 [illegible]	0.9
900	Do. 2 1/2pc '24‡‡ (97.7)	92 [illegible]	0.5

(b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1990: 129.9 and for July 1991: 133.8.

INT. BANK AND O'SEAS

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
50	African Dv Bk 11 1/4Ln 2010	103 [illegible]	-0.2	1.12	4Jan 4Jun	-
100	Asian Dev Bk 10 1/4pcLn2009	99 [illegible]	-0.3	28.3	24Mar 24Sep	-
75	Int-Am Dev Bk 12 1/2pc 2003	112 [illegible]	-0.3	7.12	6Jan 6Jul	-
175	Do. 9 3/4pcLn 2015	93 [illegible]	-0.2	13.10	15May 15Nov	-
50	[illegible]	123 [illegible]	-0.2	28.1	1Mar 1Sep	-

CORPORATION LOANS

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
45	Birmingham 11 1/2pc 2012	102 1/2	1.0	17.4	May Nov	[illegible]
40	GLC 6 3/4pc 1990-92	97 1/2	......	16.7	15Feb 15Aug	[illegible]
40	Leeds 13 1/2pc 2006	114 1/2	......	12.3	1Apr 1Oct	[illegible]
5	Liverpool 3 1/2pc Irred	30	......	1.6	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	FRI AUG 30: US Dollar Index	% chg ($) since 31/12/90	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/90	Gross Div. Yield	THU AUG 29: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1991 High	1991 Low	Year ago (approx)
Australia (69)	146.66	+24.2	129.35	126.87	133.33	124.18	+22.0	4.99	146.31	129.00	126.71	132.82	124.08	151.58	112.74	143.73
Austria (20)	175.77	-10.6	155.03	152.06	159.79	159.16	+4.0	1.78	175.30	154.56	151.81	159.13	159.67	222.37	154.82	231.63
Belgium (47)	127.59	-3.5	112.53	110.36	115.98	113.12	+12.1	5.24	127.87	112.75	110.73	116.07	112.69	151.20	118.04	143.04
Canada (114)	140.07	+7.7	123.54	121.18	127.32	115.63	+6.0	3.27	140.07	123.50	121.29	127.14	115.68	142.27	126.49	133.74
Denmark (37)	251.87	+8.2	221.97	217.71	228.78	230.79	+26.3	1.53	252.54	222.66	218.70	229.24	230.81	270.58	217.74	258.39
Finland (16)	95.64	-7.3	84.35	82.73	86.94	84.97	+8.3	2.84	97.04	85.56	84.04	88.09	95.77	125.15	89.53	122.99
France (109)	136.73	+3.8	120.59	118.27	124.28	127.35	+21.1	3.49	136.51	120.36	118.21	123.91	126.88	152.26	119.11	141.19
Germany (65)	108.42	-3.1	95.62	93.80	98.56	98.55	+13.3	2.28	109.06	95.16	94.46	99.00	99.00	125.35	94.15	122.84
Hong Kong (55)	166.36	+36.8	146.73	143.81	151.24	165.74	+35.9	4.25	164.90	145.39	142.80	149.69	164.28	169.98	119.62	126.36
Ireland (18)	153.98	+3.7	135.81	133.20	139.98	141.95	+20.5	3.53	155.54	137.14	134.69	141.18	141.78	182.46	132.88	151.89
Italy (77)	71.79	-8.3	63.31	62.10	65.25	69.91	+6.0	3.34	71.46	63.00	61.88	64.95	69.51	88.23	64.78	92.39
Japan (474)	125.14	+0.3	110.37	108.25	113.77	108.25	+1.2	0.78	123.03	108.46	106.55	111.70	106.55	146.97	118.23	130.71
Malaysia (68)	205.77	-3.0	181.48	177.99	187.05	220.51	-0.1	2.92	203.04	179.02	175.82	184.30	217.58	247.78	189.18	216.17
Mexico (16)	1214.81	+107.9	1071.43	1050.87	1104.31	4049.05	+114.6	1.34	1223.71	1078.95	1059.73	1110.81	4078.71	1223.71	534.45	515.92
Netherland (31)	137.47	+2.7	121.24	118.92	124.97	123.60	+18.8	4.34	137.03	120.82	118.66	124.39	122.96	145.73	125.70	135.65
New Zealand (14)	46.36	+8.8	40.88	40.10	42.14	42.87	+9.3	7.11	46.48	40.98	40.25	42.19	42.69	54.64	41.18	63.34
Norway (31)	202.14	-1.0	178.28	174.88	183.76	187.25	+14.9	1.51	202.88	178.88	175.70	184.17	187.48	223.24	178.58	261.78
Singapore (38)	194.76	+22.3	171.77	168.48	177.04	154.24	+20.9	2.22	190.95	168.37	165.37	173.34	151.23	208.25	151.63	178.19
South Africa (61)	235.22	+28.6	207.46	203.46	213.82	167.21	+22.8	3.25	241.13	212.60	208.81	218.88	169.19	258.85	173.00	179.64
Spain (54)	150.12	+7.0	132.40	129.86	136.46	123.96	+22.0	4.33	149.87	132.23	129.69	135.13	123.18	171.12	131.51	157.97
Sweden (25)	191.91	+20.4	169.26	165.01	174.46	180.12	+35.7	2.46	192.33	169.58	166.58	174.59	180.08	204.12	146.60	200.05
Switzerland (58)	92.93	+4.5	81.96	80.40	84.49	88.03	+25.2	2.19	93.12	82.11	80.65	84.54	88.07	100.67	82.17	96.68
United Kingdom (240)	178.19	+7.8	157.15	154.12	161.96	157.15	+23.5	4.67	177.76	156.73	153.92	161.34	156.73	187.44	156.27	163.89
USA (527)	160.58	+20.5	141.63	138.92	145.98	160.58	+20.5	3.02	161.00	141.95	139.43	146.15	161.00	181.02	125.95	130.17
Europe (828)	139.26	+3.5	122.82	120.47	126.60	125.19	+18.8	3.81	139.18	122.72	120.53	126.35	124.94	151.52	125.50	141.34
Nordic (109)	186.79	+11.4	164.74	161.58	169.80	166.62	+27.9	1.95	187.40	165.23	162.29	170.11	166.68	200.81	155.55	200.98
Pacific Basin (718)	126.79	+2.2	111.83	109.68	115.26	110.14	+2.9	1.14	124.78	110.02	108.06	113.27	108.51	145.92	117.86	130.95
Euro - Pacific (1546)	132.06	+2.6	116.47	114.23	120.04	116.65	+9.6	2.26	130.81	115.33	113.27	118.73	115.75	147.68	121.29	135.53
North America (641)	159.24	+19.7	140.44	137.76	144.78	157.55	+19.6	3.03	159.63	140.75	139.26	144.93	157.93	159.66	125.91	130.29
Europe Ex. UK (588)	118.27	+0.7	102.55	100.80	105.72	105.87	+17.5	3.15	116.37	102.60	100.60	105.66	105.72	129.80	103.58	126.79
Pacific Ex. Japan (244)	143.18	+23.8	126.28	123.69	130.17	127.20	+22.8	4.36	142.17	125.36	123.14	129.07	126.37	147.80	111.40	132.94
World Ex. US (1737)	134.06	+3.5	118.24	115.98	121.87	118.29	+10.0	2.31	132.95	117.22	115.14	120.69	117.27	148.18	122.32	136.13
World Ex. UK (2024)	138.58	+9.7	122.20	119.87	125.87	128.95	+12.8	2.33	137.95	121.63	118.47	125.24	128.36	145.77	120.06	129.98
World Ex. So. Af. (2203)	141.40	+8.2	124.71	122.33	128.55	131.29	+13.7	2.57	140.78	124.11	121.91	127.78	130.70	148.66	122.92	132.71
World Ex. Japan (1790)	152.29	+13.9	134.31	131.75	138.45	144.53	+20.3	3.36	152.50	134.45	132.08	138.45	144.62	152.83	126.89	135.51
The World Index (2264)	142.00	+8.4	125.24	122.84	129.09	131.60	+13.8	2.58	141.41	124.88	122.47	128.37	131.03	149.01	128.26	133.00

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.781 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
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The following constituent change took place during the week ending 30/8/91: Deletion: Kosmos (Norway).
Constituent change with effect 2/9/91: Deletion: Petromed (Spain).

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON SHARE SERVICE

AMERICANS

Market Cap. £m	Stock	Price £	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
13,911.1	Abbott Laboratories	32½	.....	1.8	10.7	FeMyAuNv	1503
234.6	Allegheny & W 1c	259p	-3.0	6.8	-	-	-
893.6	Amdahl 5c	898p	....	0.7	31.1	NvMrJeAu	-
3,705.3	Amer. Cyanamid $5	39⅝	4.3	2.2	27.2	MrJeSeDe	-
1,449.1	Amer. Express 60c	15⅞	1.5	1.4	1.7	FeMyAuNv	1594
25,240.0	American T & T $1	22[illegible]	-1.1	3.4	27.3	FeMyAuNv	1591
16,098.5	Ameritech $1	36¾	....	5.5	28.3	FeMyAuNv	-
5,572.0	BankAmerica $1	26	0.7	2.7	16.8	FuMySeDe	1144
2,858.8	Bankers N.Y. $1	35¼	-0.2	8.2	27.9	ApJyOcJa	1745
11,550.0	Bell Atlantic $1	29½	4.4	5.1	4.7	FeMyAuNv	-
13,916.2	BellSouth Corp	28⅞	0.4	5.6	5.4	FeMyAuNv	-
807.0	Bethlehem Steel $8	19⅝	3.7	2.2	6.2	MrJeSeDe	1821
571.2	Bowater Inc	1593p	1.8	4.5	6.6	OcJaApJy	1884
4,139.7	CPC Intnl. 25c	54⅝	1.1	2.2	26.6	JaApJyOc	2263
169.3	California Engy	930p	17.1	-	-	-	-
6,286.7	Campbell Soup 15c	49½	0.3	1.4	4.1	OcJaApJy	2050
1,522.4	Chase Manhattan $12½	12¼	-1.3	5.9	29.7	FeMyAuNv	2109
1,671.9	Chrysler $6¼	7⅞	8.2	4.8	19.6	ApJySeDe	2135
2,902.4	Citicorp $1	8⅝	-0.7	6.9	23.10	MyAuNvFe	2141
3,248.9	Colgate-Palmolive $1	24½	3.4	2.6	22.7	FeMyAuNv	2184
786.2	Cont'l Bank Corp $4	778p	-14.5	7.6	31.5	OcMrJeSe	-
728.0	Dana Corp. $1	17¼	0.7	5.3	27.8	MrJeSeDe	2306
319.0	Data General	1156p	9.6	-	-	-	-
845.8	Dial Crop. $1.5	21½	0.6	3.8	28.5	JaApJyOc	2778
6,736.1	Dun & Bradstreet $1	26½	1.0	4.8	13.2	MrJeSeDe	-
1,300.9	Eaton Corpn. 50c	38[illegible]	1.8	-	2.2	-	2410
441.9	Echlin Inc	7⅞	-1.6	5.3	1.7	JaApJyOc	3046
3,142.4	FPL Group 1c	19[illegible]	-2.8	7.3	27.8	MrJeSeDe	-
2,116.7	Fluor Corp 62½c	26¼	1.4	0.7	21.6	JaApJyOc	2609
8,751.8	Ford Motor $1	18¾	4.3	3.2	30.7	MrJeSeDe	2615
38,633.0	Gen. Elect. 63c	44½	2.2	2.7	3.6	JaApJyOc	2675
-	General Host Corp $1	452p	-0.2	4.4	13.12	-	-
5,655.7	Gillette £1	25⅞	1.5	1.4	24.5	MrJeSeDe	2695
909.6	Hasbro Inc 50c	16	3.2	0.9	1.8	JaApJyOc	-
2,421.4	Honeywell $1½	34	1.5	2.6	27.8	MyJeSeDe	2919
1,844.4	Houston Inds.	22¼	-1.1	7.9	10.11	MrJeSeDe	-
32,485.2	IBM Corpn $1¼	56⅝	1.2	5.1	5.5	MrJeSeDe	2986
1,495.7	Ingersoll-Rand $2	28¾	2.4	2.7	16.8	MrJeSeDe	2979
1,556.3	Lockheed Crpn $1	24½	-8.4	4.8	15.2	MrJuSeDe	-
737.7	Lowe's 50c	2023p	11.5	1.6	11.7	JaApJyOc	-
1,270.8	Manuf. Hanover $1	17⅝	-1.4	11.0	26.6	JaApJyOc	3279
7,117.0	Merrill Lynch $1	25[illegible]	1.3	2.3	30.4	FeMyAuNv	3351
6,244.9	Morgan (JP) $2½	33[illegible]	1.9	1.5	19.6	JaApJyOc	3418
41,011.1	Morris (Philip)	44¼	2.0	2.8	12.6	JaApJyOc	5161
9,002.9	NYNEX $1	44¾	1.7	6.0	27.6	FeMyAuNv	4140
-	Pac. Agricultural	15p	.....	-	-	-	-
1,385.8	Pall Corp 25c	23¾	4.4	1.1	24.1	FeMyAuNv	-
1,635.3	Pennzoil $3 1/3c	40[illegible]	0.2	4.4	27.8	MrJeSeDe	3630
2,713.0	Quaker Oats $5	35½	-1.4	2.6	24.7	JyOcJaAp	3738

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline, call 0836 43 + four digit code. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Share Code Booklet call 071-925-2128.

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Unless otherwise indicated, prices are in pence and denominations are 25p. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ♣ Not comparable
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date.
- ǁ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. c Cents. e Redemption yield. f Flat yield. k Kenya. C Canadian. E Minimum tender price.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 β	640	......
Finlay Pkg. 5p β	19	......
Holt (Jos) 25p β	1975	-0.2

Helton Hldgs ♥	45	4.7
IRG	130	......
United Drug	175	2.3

IRISH

Cap. 8¼% Ln. 2010	£94½	0.7
9pc Cap Ln. 1996	£98¾	0.1
Fin. 13% 97/02	£112½	......
Arnotts	175	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	30
Blue Circle	24
Boots	38
Bowaters	53
Brit. Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	40
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	12
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property

Brit Land	38
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	0½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Lonrho	22
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the FT Share Information Service:

Additions:

Claremont Garments (Section: Textiles)

Mirror Group (Newspapers)

Multitrust (Trusts)

Scottish Hydro-Electric (Electricity)

Deletions:

Barplats Mines (Mines)

Guinness Mahon (Banks)

Stocklake (Industrials)

4:00 pm prices August 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19 3/8	6 1/4	AAR Corp	0.48	0.00	17	259	18 5/8	18	18 1/4	
18 1/4	14 1/2	4 L Labs A	0.16	0.01	18	280	18 1/2	15 1/4	18 1/2	+1/4
55 3/4	40 7/8	AMP Inc	1.44	0.08	26	758	53 3/4	52 5/8	53 1/2	-1/4
68 5/8	44 1/4	AMR			11	1555	59 1/4	58 1/2	63 1/4	
2 5/8	1 1/4	ARX			1	60	1 1/4	01 1/4	1 1/4	-5/8
00	41 1/2	ASA x	3.50	0.08	12	809	44 5/8	43 5/8	44 1/4	-1/2
00 1/4	08 1/4	Abbott Lab	1.08	0.00	22	4149	54 1/4	53 7/8	34 1/2	-1/8
14 5/8	9 7/8	Abitibi Pr	0.50	0.03	28	250	14 5/8	14 1/4	14 1/2	+5/8
11 5/8	10 3/4	ACM Gvt In	1.28	0.11		390	11 1/4	11 1/8	11 1/8	-1/4
9 1/4	6 3/4	ACM GvOpp	1.01	0.11		53	9 1/8	0 1/4	0 1/2	
9 1/4	6 1/4	ACM Gvt Sp x	1.01	0.11		275	u9 1/4	0 1/4	0 1/4	
11	9 5/8	ACM Gvt Se	1.26	0.12		390	10 1/4	10 5/8	10 5/8	-1/4
8 5/8	7 5/8	ACM Man	1.01	0.12		313	8 1/2	8 5/8	8 1/4	
19 7/8	11 1/2	ACM Managd	1.37	0.11		92	12 1/4	12 3/8	10 1/4	
1 1/2	4 1/4	Acme Cleve	0.40	0.08	17	49	6 5/8	6 1/8	6 1/8	+1/8
8	3 1/8	Acme Elect			3	68	4 7/8	4 1/8	4 7/8	+1/8
48	22 1/4	Acuson			22	2331	33 5/8	32 1/4	08 1/4	-5/8
16 1/4	14 1/4	Adams Expr	0.18	0.04	0	86	419	19 3/4	16 5/8	
20 1/8	17 1/2	Adobe12Pf	2.40	0.14		23	18	17 3/4	11 1/4	-1/4
9 1/4	6 3/4	Adobe Res			49	179	1 1/8	7	1 5/8	+1/4
36 1/8	19	Ad Micro				28	36 3/4	35 3/4	36 5/8	
14 1/4	4 5/8	Ad Micro P	3.00	0.84	20	9408	15 5/8	12 1/4	12 1/4	+1/4
5 1/8	2 1/4	Advest Grp	0.16	0.04	5	64	2 3/4	3 5/8	5 1/4	
46 1/8	33 7/8	Aetna Ll	2.70	0.08	7	1182	35 3/4	34 7/8	35 3/4	+1/4
10 5/8	6 5/8	Alfil A	0.24	0.00	49	563	6	6 7/8	6 7/8	-1/8
20 7/8	12	Ahmenson	0.08	0.08	11	1227	18 3/4	18 1/4	18 1/2	-1/8
13 1/4	2 3/4	Aileen Inc			11	474	12 1/8	12 3/8	12 5/8	+1/2
74 1/8	51 1/8	Air Pr Chm	1.38	0.06	15	421	68 7/8	68 1/8	68 1/4	
60	18 5/8	Airbrne Frt	0.30	0.01	18	215	28 1/8	21 7/8	26 1/4	+1/4
18 5/8	12 1/2	Airgas Inc			100	18	18	17 5/8	18	+1/8
15 1/4	10	Airlease	2.05	0.11	6	08	12 1/2	11 7/8	12 5/8	+1/4

- A - (continued) [illegible]

- B - [illegible]

- C - [illegible]

- D - [illegible]

- E - [illegible]

- F - [illegible]

- G - [illegible]

- H - [illegible]

- I - [illegible]

- J - [illegible]

- K - [illegible]

- L - [illegible]

- M - [illegible]

- N - [illegible]

- O - [illegible]

- P - Q - [illegible]

- R - [illegible]

- S - [illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4:00 pm prices August 30

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full

AMEX COMPOSITE PRICES

4:00 pm prices August 30

MONDAY INTERVIEW

India's financial architect

Dr Manmohan Singh, India's minister of finance, speaks to **David Housego** and **Alexander Nicoll**

If the long-overdue reforms on which India has embarked do succeed in turning around the parlous state of the economy, much of the credit will go to Dr Manmohan Singh, the minister of finance.

India faces a $6bn current account deficit this financial year (after a $10bn deficit last year) at a time when its foreign exchange reserves are virtually exhausted and when it is having acute difficulty in borrowing on the international commercial market. The new government has cut the fiscal deficit and embarked on a policy of industrial and trade deregulation designed to improve competitiveness.

The task ahead is indeed enormous. Dr Singh, a cautious bureaucrat who has held most of the senior economic posts in the Indian administration before being unexpectedly pitchforked into his current job, is only too aware of the many pitfalls that lie ahead and of the risks of stumbling.

"There is no doubt in my mind that the reform process has acquired a momentum of its own. It will be difficult to reverse," he says. "This is not to say it is going to be smooth. There are many risks and dangers. I hope the international community will recognise that changing direction in an open society like ours is not a risk-free enterprise."

A softly spoken Sikh, Dr Singh has served as governor of the Reserve Bank of India (central bank), chief economic adviser in the Ministry of Finance, and most recently as a special adviser to the former prime minister, Mr Chandra Shekhar.

In the 1970s he was thus associated with implementing the type of socialist policies he is now seeking to reverse. At the time, he told friends that in a country with widespread poverty such as India governments were inevitably leftist.

By the mid-1980s he was already pressing for an opening-up of the economy. What really seems to have changed his outlook, however, was his becoming secretary-general of the South Commission in 1987, when he visited South Korea and Taiwan. He was much struck by the pace of economic growth under export-oriented policies. Though he now has a clear vision himself of where he wants India to go, he is also a pragmatist in adapting to the political pressures of the moment.

In his first press conferences as finance minister, he cited the example of South Korea's internationally competitive industry – a reference that had until then been taboo in the mouths of government ministers.

His change of heart was reflected in a speech earlier this year before taking office, when he said on returning from his Geneva-based post in November 1990, that he found "a growing feeling of scepticism, self-doubt and even of despondency" in the national mood. He told a university audience in Bangalore, in southern India, that "the laxity in recent years in dealing with India's fiscal and balance of payments problems and a failure to press ahead with long-overdue structural reforms" had also contributed to the mood of despondency.

But the speech equally showed that he was no radical reformer storming the barricades. "A well thought-out plan has to be devised to make the rupee a convertible currency in a reasonable period of time, in any case before the end of the decade," he said.

Dr Singh had retired to the backwaters of the University Grants Commission when Prime Minister P V Narasimha Rao unexpectedly plucked him out – to his obvious delight – to become finance minister after the Congress party won the general election in June. Once in office, he acted rapidly to devalue the rupee by 18 per cent to halt speculation against the currency, which had been hit by capital flight. The government's sales of gold stocks were an admission that the foreign exchange reserves were nearly exhausted.

In mid-July he unveiled a budget that cut the fiscal deficit from 9 per cent of gross domestic product the previous year to 6.5 per cent. Parallel with this, the government embarked on a programme of industrial and trade deregulation.

Quiet and self-deprecating, Dr Singh has an unquestioned reputation for honesty. He finds it difficult to dodge a direct question. When pushed to be specific on something he is reluctant to disclose, he falls back on the implausible "I have no head for figures." Friends say his responsibility in navigating the reform package through cabinet and parliament imposes on him a huge load. "It is not a job I would wish on a friend," says one.

His enthusiasm for reform does not mean that he thinks that the market alone is the answer to India's problems.

'The market will not take care of all our problems'

"We can't assume that the market will take care of all our problems. There are millions outside the market who live on the edge of subsistence. They cannot be dealt with through the market mechanism."

The strength of the appointment is that Dr Singh is a respected figure among international bankers and financial institutions on whom India depends to stave off default. He also knows that what India has embarked on is a readjustment programme that will last from three to five years and that the hardest part in many ways is yet to come – deeper cuts in public expenditure, opening industry up to competition through steep tariff reductions, reducing the labour force in public-sector industries and the banks, and allowing multinationals a freedom to operate in India that has so far been denied them.

So daunting are the tasks ahead that many colleagues in cabinet and Congress have no idea of where the road of reform will take them and little stomach for the fight.

Dr Singh's weakness as finance minister is that he has a tendency to succumb to pressure and has no experience of the bear-pit of Indian politics. He partially gave way to farmers' lobbying against the cut in fertiliser subsidies announced in his budget. Will he "cave in" as well to lobbying by industrialists against the wealth tax also imposed in the budget? "No comment," he says. But he adds – suggesting that he might lend an ear to their grievances – that "I am sympathetic to all segments of the economy who actively participate in the creation of national wealth."

His other problem is that he is part of a government that is itself a minority administration and is riddled with dissension. It is to offset these factors and to provide a guarantee of the continuity of reform that he is keen that India should seek a further loan from the International Monetary Fund under its Extended Fund Facility – which could provide India with $5bn-$7bn over three years. "There is no doubt in our mind that we shall have to go for this [EFF loan]," he says. "But asking for it is one thing. The Fund accepting it is a different thing. So I am not in a position to say there will be an agreement."

Dr Singh is aware of apprehensions that the greatest threat to his policies comes from the risk of devaluation and import shortages precipitating an inflationary spiral that could be tough to control.

Elsewhere, he is under pressure from the World Bank and the IMF to hasten tariff cuts. India has one of the highest tariff barriers in the world, with an average weighted tariff of 112 per cent. Industrialists are also holding off investments until they know the extent of the tariff cuts.

The finance minister says he will reveal his medium-term target for tariff cuts in the next budget due in March next year. Then, he will also need to start offsetting the loss of customs revenues by increasing direct taxes or excise duties.

"I know what I want to do. At the end, we will have tariff rates providing a reasonable level of protection which do not constitute an unreasonable barrier to foreign competition."

He said he would like to shift the loss of customs duties to direct taxes, but says there are "obvious administrative problems." Broadening the income tax base to include farmers would, for instance, provoke a political outcry.

Politicians in Delhi feel that, as a technocrat with no party base, he will be sacrificed if the reforms run into trouble, or inflation – currently exceeding 13 per cent on the consumer price index – rose much higher. He says himself that being a technocrat, rather than a politician, has had some "short-term advantages". As to the possibility of his being made a scapegoat for the unpopularity of the measures and high inflation, Dr Singh shrugs his shoulders and smiles – adding that in a democracy nobody is indispensable.

PERSONAL FILE

- **1932** Born Gah, Punjab, in what is now Pakistan.
- **1956** Awarded Adam Smith prize at Cambridge.
- **1972** Economic adviser, Ministry of Finance.
- **1982** Governor of the Reserve Bank of India (the central bank).
- **1987** Secretary general of the South Commission.
- **1990** Economic adviser to the prime minister.
- **1991** Finance minister.

Soviet Jews' 'ascent' to disappointment

LETTER FROM

JERUSALEM

Mr Rahamim Israelov and his wife Ludmilla are among the lucky ones. They emigrated to Israel from the Soviet city of Samarkand a year ago, leaving behind their comfortable house because they feared that pogroms and ethnic violence would be the inevitable result of the disintegration of the Soviet Union. Now they run a small but thriving grocery store in Jerusalem.

But even they have not found their new life in the Jewish state to be all they expected. He was a dentist and she a piano teacher, but they initially had to take jobs in a supermarket and in the building industry. With a total monthly income of 1,700 shekels (£453), and a rent bill of Sh1,300, they could hardly survive. Mr Israelov's sister and the Jewish Agency, which organises immigration to Israel, put up capital for the shop. It is doing well, but grocery is not their trade.

"What can I do, dear?" asks Mrs Israelov as a drunken Polish Jew wanders in to buy a bottle of vodka. "We have three children and they need to eat. There's no choice."

The Israelovs' problems highlight the increasing difficulties besetting the hundreds of thousands of Jews who are streaming into Israel from the rickety Soviet empire. For more than 18 months, thanks to relaxed Soviet emigration controls, planeloads of them have been arriving in the Jewish state almost by the day. Some 300,000 have arrived since 1989, and Israel is trying to encourage the more than 1m Jews still in the Soviet Union to come to join them.

But even if more do come, few are likely to find life easy in the Promised Land. Instead, they will encounter severe unemployment, housing shortages and widespread disillusion among both the immigrants and their Israeli hosts. Thanks to economic hardship, what is already one of the largest migrations in history has turned distinctly sour.

It is difficult for outsiders to comprehend the political and emotional significance attached by Israel, and indeed by its Arab enemies, to the *aliya* (Hebrew for ascent) of so many *olim* (immigrants).

After absorbing 170,000 Soviet Jews in the 1970s, Israel is expecting the latest exodus to yield as many as 1.5m, compared with an Israeli population of only about 4.7m. Mr Nathan Sharansky, the Soviet Jewish dissident, has called it "a monumental wave of people, an entire civilisation saved, an epic opportunity grasped".

Yet, for the time being, a third of the immigrants is without work, and most of those with jobs are not practising their chosen professions. A few have turned to prostitution, others to begging. Buskers playing violins or singing opera jostle for space among the open-air cafes on Jerusalem's Ben Yehuda St.

The common Jewish heritage of the immigrants and their Israeli hosts has barely disguised a feeling of mutual resentment. Soviet Jews often complain of harsh treatment ("They only want us to clean their houses," says Mrs Israelov), while longstanding residents of Israel accuse the newcomers of whining, spongeing and arrogance.

Hadashot, a Hebrew newspaper, recently interviewed residents of Yad-Eliyahu, a poor Tel Aviv suburb inhabited mainly by Sephardi Jews of North African or Asian origin, and published some startling remarks.

"We've been treated like losers for too many generations to allow some stinking Russian to come and join the Ashkenazim (European Jews) in looking down on us," said Mr Navon Sumbul. "I can't stand Russians," added Mr Eren Merhavi. "Sons of bitches, maniacs, they should have left them there. I don't want to look at their white faces, their delicate hands; they bug me."

Such anti-immigrant sentiments are not unique to Israel, but if the scale of the *aliya* enterprise is staggering, so are the concomitant risks. As Mr Sharansky points out, if the US were to absorb a proportionately similar number of immigrants its annual quota would be not 110,000 but 15m.

Israeli families, he says, have eagerly adopted immigrants, helping them to learn Hebrew and to cope with life in Israel. In return they receive a psychological boost. "There is such a big army of volunteers; the reason is that after many years of disappointment, suddenly Israelis see that Israel is becoming an attraction for Jews. Suddenly they see that they were right to be living here, building it, defending it."

Not all Soviet immigrants live in the miserable mobile homes on the outskirts of Beersheba which have been so castigated in the Israeli press. Mr Mikhail Pastov, for example, emigrated from Tashkent to Qazrin on the Golan Heights, the plateau in the north which Syria lost in the 1967 war.

He helps the local council to absorb more Soviet Jews while his wife undergoes retraining so that she can practise medicine in Israel. "I've been here for a year and a half," he says contentedly. "I have an apartment with everything inside – TV, furniture – and I have a new car. And today I'm going on vacation to Russia."

The only cloud on his horizon is the prospect of losing his Golan home if the heights are returned to Syria under a Middle East peace agreement.

It is common to hear Russian spoken these days on the streets of Jerusalem, Tel Aviv and Kiryat Shmona. Israelis hope that if the pedestrians stop speaking Russian, it is because the immigrants have learned Hebrew, but it may be because they have gone away again. The number of Soviet Jews requesting Israeli passports is rising sharply, prompting fears at the Jewish Agency that thousands are planning to leave and not come back.

Victor Mallet

The new broom in Soviet law

JUSTINIAN

Ever since President Mikhail Gorbachev promised three years ago that the Soviet Union would become a state based on the rule of law, commentators have sought to identify the potential hurdles that would stand in the way of a planned evolution towards such a civilised system of law. With the sudden demise of the Communist party, will the long-standing bureaucratic stranglehold of the state apparatus over the courts be finally loosened? Will an unplanned replacement carry the seeds of an imperfect system?

The main focus of reform of the Soviet legal system has been on the independence of the judiciary and the reality of a fair trial. Amendments to the Criminal Law were issued in 1989. One amendment, Article 7, made it a criminal offence to call for the overthrow or change of the Soviet state or system. The supreme soviet reflected the liberal approach by making it a crime only to call for a "violent" overthrow of the state or system. It will be under this provision that the 14 main participants in the abortive coup of August 19 will be prosecuted.

In July 1989, the supreme court presented to the supreme soviet draft laws on the judicial system and the status of judges. The first enshrined for the first time in Soviet history the presumption of innocence. Since then, efforts have been made to stop the Ministry of Justice from meddling in court cases. The presumption of innocence is less a question of dispute between the legal profession and the prosecuting authorities, and more a struggle between the professionals who believe in the autonomy of institutions and party bureaucrats keen to retain keep control over institutions.

The trial of the 14 will be a test of whether the old order has indeed been replaced by an independent and impartial trial system. Whereas in the past foreign observers were not permitted to attend the trials of dissidents, lawyers from abroad will now, no doubt, be attending to evaluate the new legal order. However, the old attitude of Soviet judges who were hostile to an accused in obedience to secret party directives could too readily be replaced by a long-standing prejudice against those who commit crimes, particularly against the state. And there will be no jury to stand between the state and the accused.

For the past two years, dissent has ceased to be a crime in the Soviet Union, although Article 11 (1) of a new decree refers to "insulting or discrediting state bodies and public organisations". At its passing, it was explained that this decree referred to "deliberate public circulation of slanderous allegations that are obviously false".

The Congress of People's Deputies subsequently approved a proposal to abolish this article. However, the article was deployed by the public prosecutor last year, and the outcome of the case made refreshing reading to those who looked for signs that the political abuse of psychiatry has really been abandoned.

A well-known, eccentric lady had paraded publicly a placard denouncing Mr Gorbachev. When she was arrested and brought to trial, the court remanded her for psychiatric assessment to the Kashenko hospital in Moscow. Within a week, the doctors declared her mentally healthy and she was immediately released. Her case, however, exemplified other worries about how far the old-style political abuse of psychiatry has disappeared.

For more than 20 years, the Soviet Union had been engaged in the practice of confining political and religious dissidents in psychiatric hospitals for non-medical reasons. All such dissidents have now been released, but little seems to have been done to rehabilitate them in civil society.

If the victims of psychiatric abuse are being helped, then it has been proceeding at a snail's pace. The official register of mentally disordered persons remains with its earlier defective recordings. The dissident lady, for example, had been diagnosed several years ago as suffering from "sluggish schizophrenia", a mild form of schizophrenia characterised not by active psychosis, but rather by alterations of personality. The diagnosis was not removed when the lady was found mentally fit, and she remains on the register.

A new mental health law has been proceeding through the Soviet legislative machine and is generally in line with psychiatric practices in the west. It is a big advance and would outlaw any political abuse of psychiatry. But the abandonment of the political abuse of psychiatry is attributable to changes in policy and pending law, rather than in changes of psychiatry.

In response to a visiting delegation of US psychiatrists and forensic experts in 1989, Soviet psychiatrists explained that "in Soviet medical practice in general, not only in psychiatry, it is not customary to discuss with patients the methods of treatment, except in cases where the patient is a physician". The new draft mental health law does not at present enact the concept of informed consent before a patient can be given medication.

Foreign observers' concern about the workings of Soviet law in relation to handicapped individuals has switched from psychiatry to narcology. The authorities seem to be still using the system of taking "incorrigible" alcoholics to preventive work-camps, even though they have not been sentenced by the courts. These people languish untreated for two to three years in poor physical surroundings.

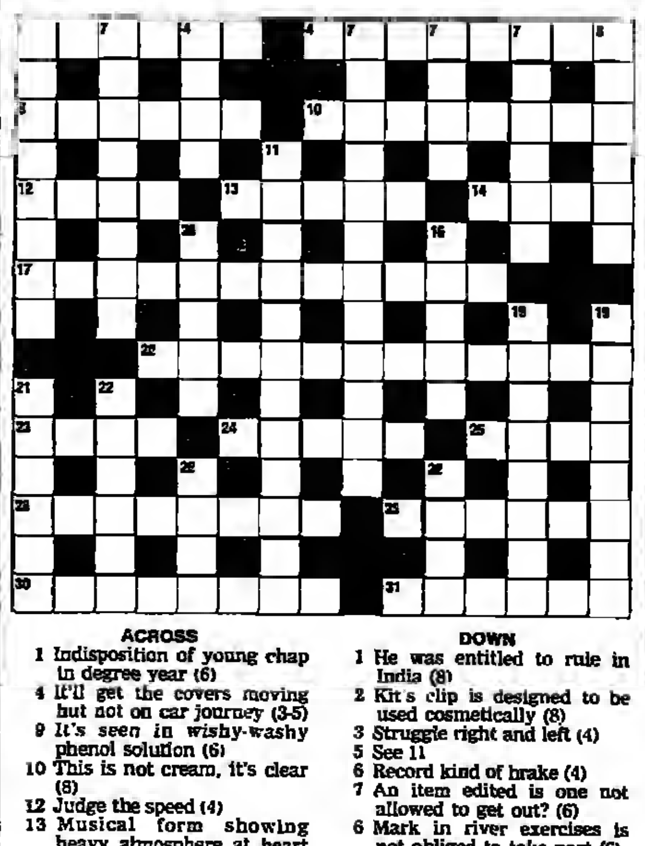
Such specific problems of an emerging legal order that respects fundamental freedoms and human rights pale into insignificance against the overriding need for a new constitution. Until relations between the republics and the centre are settled amicably, there is little prospect that ordinary laws will fall naturally into place in a state governed under the rule of law.

Louis Blom-Cooper QC

JOTTER PAD

CROSSWORD

No.7,635 Set by QUARK



ACROSS

1 Indisposition of young chap in degree year (6)
4 It'll get the covers moving but not on car journey (3-5)
9 It's seen in wishy-washy phenol solution (6)
10 This is not cream, it's clear (8)
12 Judge the speed (4)
13 Musical form showing heavy atmosphere at heart of duet (5)
14 Conclude plenty of money is being returned (4)
17 It's a help in climbing plant (6,6)
20 More helpful grant reallocated round English school (12)
23 Part of Lear named for merit (4)
24 Feature introducing a country (5)
25 The sportsman's puffed, we hear (4)
28 Enterprising person: "I'll endlessly review changes" (4,4)
29 A piece that's inserted gets us confused (6)
30 Hole in the ground's dark almost. Almost? (4-4)
31 Sympathetic offer (6)

DOWN

1 He was entitled to rule in India (8)
2 Kit's clip is designed to be used cosmetically (8)
3 Struggle right and left (4)
5 See 11
6 Record kind of brake (4)
7 An item edited is one not allowed to get out? (6)
8 Mark in river exercises is not obliged to take part (6)
11 and 5 Put one on the floor and left one without suppport? (6,3,3,4,5,3)
15 British in aim to be at the top level (5)
16 eg Iron spirit, it's said (5)
18 Syd's tile is altered, given a conventional form (8)
19 Some dances to remind one of an earlier age (8)
21 Chap to run round the French coming up (6)
22 The doctor I've left makes foolish talk (6)
26 Bird in Welsh port lacking water (4)
27 Certain to take legal proceedings when run in (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday September 14.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

Provisional Price for Trading; Final Prices for Trading

[illegible]	[illegible]	[illegible]	[illegible]

... final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

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BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd	12
Bank of Ireland	11	First National Bank Plc	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	12	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm. Bk of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

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